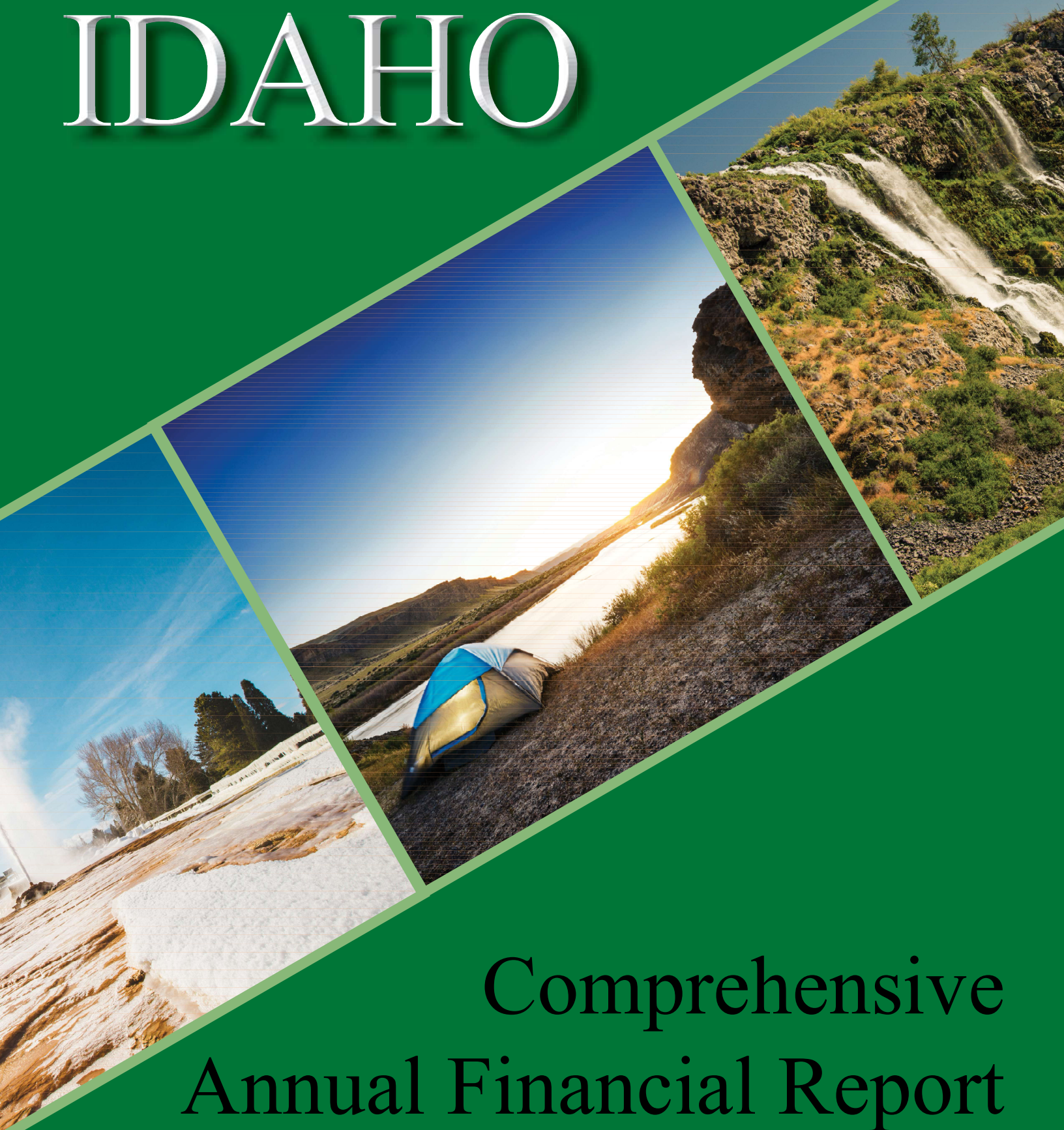


State of IDAHO



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



Bruneau Sand Dunes Observatory

On the Cover: Soda Springs Geyser, Swan Falls, & Thousand Springs

All photos courtesy of Idaho Tourism

State of
IDAHO
Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2018

C.L. "Butch" Otter
Governor

Brandon D Woolf
State Controller

Prepared by the Office of the State Controller
This document and related information are available at www.sco.idaho.gov



Brandon D Woolf
State Controller

ACKNOWLEDGMENTS:

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Jennifer Bonilla
Ethan Draves, CGFM
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Justin Powell
Kirsten Pruett, CPA

Thanks and appreciation to the Bureaus of Accounting Operations, Systems Administration,
and Application Development in the Office of the State Controller.

Special appreciation to all fiscal and accounting personnel throughout the State whose efforts to
contribute accurate, timely financial data for their agencies make this report possible.



Comprehensive Annual Financial Report

IDAHO

For the Fiscal Year Ended June 30, 2018

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IDAHO

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Mountain Biking near Pocatello

Introductory Section



December 19, 2018

To: The Citizens, Governor, and Members of the Idaho State Legislature

As the State's Chief Fiscal Officer, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018, in accordance with Idaho Code Section 67-1001. This report represents Idaho's continued commitment to sound and effective fiscal management and responsible financial reporting based on generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board.

The Office of the State Controller assumes responsibility for both the reliability and completeness of the information presented in this report. Internal controls are designed to provide reasonable, but not absolute, assurance that the financial statements are free from material misstatement. I am confident the information presented is accurate in all material respects and fairly sets forth the financial position of state operations based upon the internal control structure established by management.

In accordance with Idaho Code Section 67-702, the Legislative Audit Division of the Idaho Legislature has audited the State's basic financial statements for the fiscal year ended June 30, 2018. Based upon that audit, the independent auditor has issued an unmodified opinion that the State of Idaho's basic financial statements are fairly presented in conformity with GAAP. The Independent Auditor's Report is located at the front of the financial section of this report.

In addition, the Legislative Audit Division conducts statewide audits under the Federal Single Audit Act of 1984 and the Code of Federal Regulations Title 2, Grants and Agreements, in order to meet the special needs of federal grantor agencies. Information regarding Idaho's Single Audit is issued in a separate report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report on page 5 and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The intent of this letter of transmittal is to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The State of Idaho was admitted into the Union as the 43rd state in 1890. The State covers 83,569 square miles and has a population of 1.7 million people.

Idaho's government is divided into three branches. The Executive Branch is comprised of the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and Superintendent of Public Instruction. The Legislative Branch is comprised of two houses, a 35-member Senate and a 70-member House of Representatives. The Judicial Branch is administered and supervised by the Idaho Supreme Court, which is presided over by a Chief Justice and four Associate Justices.

The State provides services such as education, health and human services, highway maintenance and construction, public safety and correction, natural resource management, and economic development programs. The financial reporting entity includes all funds of the primary government as well as material component units for which the primary government is financially accountable. Additional information on component units can be found in Note 1 to the financial statements.

The annual budgetary process serves as the foundation for the State's financial planning and control. Budgets are annually appropriated for the following governmental funds: general, special revenue, capital projects, and earnings of the permanent funds. The budget is generally appropriated by agency, fund, program, and object. Legal level of budgetary control is maintained at the same level of detail as appropriated. Budgetary controls are incorporated into the Statewide Accounting and Reporting System (STARS) to ensure expenditures do not exceed authorized appropriations. The expenditures of any fiscal year may not exceed anticipated revenues, ensuring a balanced budget. The budgetary process is further described in the note to the budgetary schedule on page 126 and the separately issued Legal Basis Financial Report.

ECONOMIC CONDITION

Financial Policies

Article VII of the Idaho Constitution allows for state revenue generation from a number of sources. This balanced approach to funding essential services allows the State to operate on a sound fiscal basis in a variety of economic conditions. In comparison to some neighboring states that rely primarily upon sales tax or income tax, Idaho derives comparable amounts of its own-source revenues from both sources, ensuring that vital services are less prone to disruption.

Per Idaho Code, the State is able to maintain reserves for the purposes of meeting General Fund revenue shortfalls, meeting expenses incurred because of a major disaster, providing tax relief to the citizens of Idaho on a one-time basis, or providing a uniform and thorough system of public education. Overall increases in the reserve funds indicate the State's continued economic stability and growth.

Fund and Idaho Code	FY18 End Balances	Dollar Change
Budget Stabilization (57-814)	\$ 346.3 M	\$ 27.5 M
Economic Recovery (67-3520)	1.0 M	4.1 M
Public Education Stabilization (33-907)	64.4 M	20.7 M
Higher Education Stabilization (33-3726)	5.3 M	3.6 M
Totals	<u>\$ 417.0 M</u>	<u>\$ 55.9 M</u>

Note 14 contains additional detailed information regarding reserve funds.

Economy

Idaho's unemployment rate stands at a record low of 2.7 percent. The decline this year has been from 3.0 percent in January. In both 2016 and 2017 the drop was 0.5 percentage points, beginning at 4.0 percent. Further improvements for this metric in Idaho are likely to continue to be smaller. Total nonfarm employment is near 740,000 for the State, and total government employment, including education, is expected to grow from 111,400 this year to 113,300 by 2022.

Personal income is up by \$3.6 billion from 2017 and now totals \$75.4 billion. The forecast shows this growing 4.9 percent in 2019, with just slightly stronger growth in the remainder of the forecast.

Supply of affordable housing is constrained in many cities, despite construction doing well within the State in terms of employment. It is worth noticing that housing starts are expected to be almost 16,000 both this year and next, with the projection being for nearly 18,000 starts by 2021 and nearly 18,500 starts in 2022. With the extra

starts, the housing stock is expected to grow a fairly steady 2.3-2.4 percent for this and the next few years, which is markedly better than the 1.6 percent expansion seen from 2013-2017.

Construction costs were 9.5 percent higher in August this year than the same month in 2017, with softwood lumber up 19.5 percent across that timespan, but there is strong activity within the State. Construction growth was more than twice as strong locally as nationally last year, and that is forecast this year as well. On average, 49,000 jobs are expected statewide this year in construction. By 2022, this count is expected to reach 55,800.

Strong harvest results are coming in for Idaho. Wheat yields set records, and the harvest topped 100 million bushels. Alfalfa, including that raised for seed for which Idaho is a major player, also has had a good year. Dairy volume remains strong, with milk output up around 1 percent over last year. Meat prices have been falling this year, and nationally peak meat production is predicted for 2020-2021. Bean prices are slightly below average, as are yields. Food barley acreage is up strongly in the past two years, and a new variety is providing 10-30 percent better yields depending upon irrigation. Potato exports were up 2.4 percent last year to \$1.8 billion.

The service sector consists of a wide variety of industries. The health and private education industries are the largest in the service sector in Idaho and are expected to grow on average 3.3 percent through 2022. In the business industry, Albertsons called off its planned merger with Rite Aid stores; Micron announced it is expanding its facility in Virginia, aiming to take advantage of greater technology incorporation into automobiles; and Intermountain Gas is lowering its prices for customers via a rate decrease in the realm of 10-11 percent.

The fourth quarter of fiscal year 2018 saw \$204 million in school bonds and levies go before voters, with \$74 million being approved. Many initiatives within the State are receiving extra federal funds including an award of \$11.5 million from the Federal Communications Commission for expanding internet access in northern Idaho. Idaho's state universities received a \$20 million grant for studying how key organisms adapt to changing environments.

Long-Term Financial Planning

General Fund receipts for the final month of fiscal year 2018 were \$346.7 million, which was \$19.3 million (-5.3 percent) below the forecasted \$366.0 million and 4.0 percent lower than the previous June. Despite the final month shortfall, total FY 2018 General Fund receipts of \$3,731.6 million exceeded the forecasted \$3,630.9 million by \$100.7 million (2.8 percent) and were up 8.2

percent from FY 2017. Anticipated growth for FY 2018 was 5.3 percent.

In order to improve and maintain the State's system of roads and highways, the Legislature in 2006 authorized the Idaho Transportation Board to issue Grant Anticipation Revenue Vehicle (GARVEE) bonds. The GARVEE program allows the planning, designing, and building of more highway projects in less time than traditional funding methods. As of June 30, 2018, \$690.7 million has been borrowed from issued bonds.

Major Initiatives

- The Department of Health and Welfare received an appropriation of \$3.1 billion in fiscal year 2019, an increase of 4.5 percent from the previous year. Medicaid spending represents 80.2 percent of the Department's total appropriation. Federal funding provided 62.5 percent of the Department's total appropriation. General Fund funding for Medicaid increased 10.0 percent.
- The Public Schools' appropriation is \$2.1 billion for fiscal year 2019, a General Fund increase of \$100.0 million and a \$99.4 million overall increase from fiscal year 2018. Some of the highlights of the increased appropriation include:
 - \$41.6 million for teacher compensation
 - \$7.0 million for 3 percent base salary increase
 - \$19.9 million for operational support
 - \$10.5 million for classroom technology
 - \$0.5 million for information technology staff
- A total appropriation of \$275.7 million for the Department of Correction in fiscal year 2019 is an overall increase of 8.8 percent from the prior year.
- House Bill 493 authorized the State Controller to modernize and replace the State's business and financial systems, created a continuously appropriated fund for the system upgrade which will draw its revenue from the Indirect Cost Recovery Fund, and established a governance structure to oversee the project. Idaho Code Section 67-1021A directs that moneys in the Indirect Cost Recovery Fund be transferred to the Business Information Infrastructure Fund annually from June 30, 2018 to June 30, 2022.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its CAFR for the fiscal year ended June 30, 2017. This is the 21st consecutive year the State has achieved this prestigious award. To be awarded a Certificate of Achievement, the report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The State Controller's Office is committed to this ongoing effort and intends to maintain a highly qualified and professional staff to make Idaho's certification possible.

The State Controller's Office takes great pride in the preparation of this comprehensive report. I am pleased to recognize the professionalism and dedication demonstrated by financial managers and accountants of the state agencies and component units, along with staff within the State Controller's Office. In addition, the auditing staff of the Legislative Services Office must be recognized for their independence, dedication, and professionalism. Credit must also be given to Governor Otter and other state leaders for their dedication towards the management of Idaho's finances.

Respectfully submitted,



Brandon D Woolf
Idaho State Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

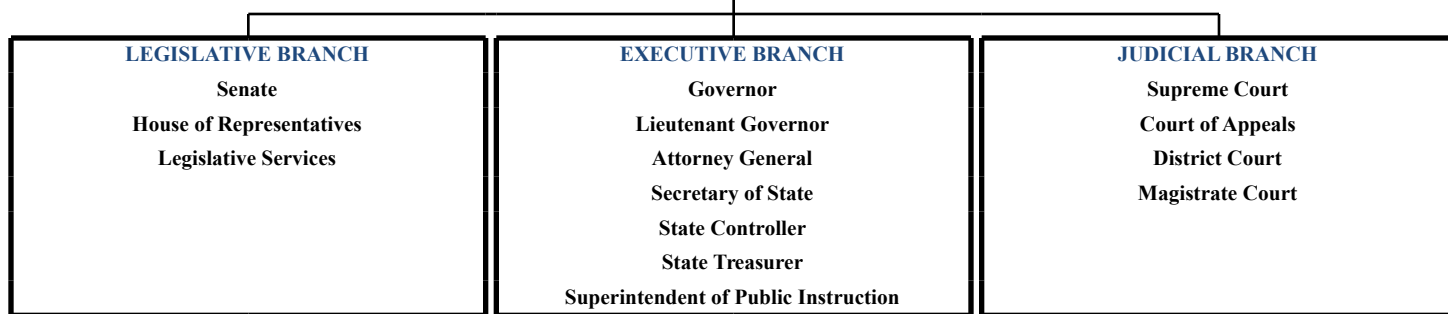
Executive Director/CEO



State Government Organization

IDAHO

Citizens of Idaho



State Entities by Function

General Government	Education	Natural Resources	Economic Development
Board of Tax Appeals	Boise State University	Departments of:	Appellate Public Defender
Commissions:	Division of Career-	Environmental Quality	Boards of:
Aging	Technical Education	Fish and Game	Accountancy
Arts	Eastern Idaho	Lands	Dentistry
Blind and Visually Impaired	Technical College	Parks and Recreation	Engineers and Surveyors
Idaho Code	Lewis-Clark State College	Endowment Fund	Nursing
Tax	Public Broadcasting	Investment Board	Outfitters and Guides
Uniform Laws	State Board of Education	Fish and Wildlife Foundation	Pharmacy
Department of Administration	University of Idaho	Lava Hot Springs Foundation	Veterinary Medicine
Financial Management		Office of Energy Resources	Licenses
Liquor		Wolf Control Board	Dairy Products
Military			Hispanic Affairs
Offices of:			Industrial
Drug Policy			Libraries
Performance Evaluations			Potato
Species Conservation			Public Defense
Public Employee			Public Utilities
Retirement System			Real Estate
State Bar			Soil and Water Conservation
State Building Authority			Wheat
STEM Action Center			Departments of:
			Agriculture
			Commerce
			Finance
			Insurance
			Labor
			Transportation
			Divisions of:
			Building Safety
			Veterans Services
			Idaho State Lottery
			State Historical Society



Statewide Elected Officials

IDAHO



C.L. "Butch" Otter
Governor



Lawrence Denney
Secretary of State



Brandon D Woolf
State Controller



Brad Little
Lieutenant Governor



Ron G. Crane
State Treasurer



Lawrence G. Wasden
Attorney General



Sherri Ybarra
*Superintendent of
Public Instruction*



Scott Bedke
*Speaker,
Idaho House of
Representatives*



Roger S. Burdick
*Chief Justice,
Idaho Supreme Court*



Brent Hill
*President
Pro Tempore,
Idaho State Senate*





Paragliding over Sun Valley

Financial Section



Legislative Services Office

Idaho State Legislature

Eric Milstead
Director

Serving Idaho's Citizen Legislature

December 19, 2018

Independent Auditor's Report

Honorable C.L. "Butch" Otter, Governor
Honorable Members of the Legislature
Honorable Brandon D Woolf, State Controller

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Boise State University, Eastern Idaho Technical College, Idaho State University, Lewis-Clark State College, University of Idaho, and their respective component units, Idaho Fish and Wildlife Foundation, Idaho Potato Commission, Idaho Dairy Products Commission, Idaho State Bar, Idaho Wheat Commission, Idaho Endowment Fund Investment Board, Idaho Lottery, Public Employee Retirement System of Idaho, Idaho Public Employees' Deferred Compensation Plan, IDEal Idaho College Savings Program, Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Health Insurance Exchange, Idaho State Treasurer – Assets Under Management, Idaho State Building Authority, Idaho Bond Bank Authority, and the Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association), which represent total assets and revenues of the government-wide financial statements and total assets and revenues of the fund financial statements as follows:

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	38.4%	6.6%
Business-Type Activities	66.3%	77.9%
Aggregate Discretely Presented Component Units	98.8%	99.5%
General Fund	62.5%	0.2%
Health and Welfare Fund	13.0%	0.0%
Transportation Fund	72.1%	0.1%
Land Endowments Fund	94.9%	99.6%

Kristin Ford, Manager
Research & Legislation

Paul Headlee, Manager
Budget & Policy Analysis

April Renfro, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

College and University Fund	100.0%	100.0%
Unemployment Compensation Fund	22.8%	0.3%
Loan Fund	27.7%	0.7%
Aggregate Remaining Fund Information	97.2%	85.6%

Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those agencies and component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Boise State University Foundation, Eastern Idaho Technical College Foundation, Idaho State University Foundation, Idaho Fish and Wildlife Foundation, Idaho Housing and Finance Association (including The Housing Company, a discretely presented component unit of the Idaho Housing and Finance Association), and the Idaho Public Employees' Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*, and accordingly, are not covered by our report in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Idaho, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or

provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Idaho's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will issue our report on our consideration of the State of Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Idaho's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "April Renfro". The signature is written in a cursive, flowing style.

April Renfro, CPA, Manager
Legislative Services Office, Audits Division

INTRODUCTION

This section of the State's annual financial report presents our discussion and analysis of the State's financial performance during the fiscal year that ended June 30, 2018. Please read it in conjunction with the transmittal letter, which can be found on page vi of the Introductory Section, and the financial statements beginning on page 14.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which include the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this financial report includes required supplementary information and other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities, which provide information about the State as a whole and present a long-term view of the State's finances using accounting methods similar to those used in the private sector. The statements are prepared using the economic resources measurement focus and accrual basis of accounting, under which the current year's revenues and expenses are recorded as transactions occur rather than when cash is received or paid.

The *Statement of Net Position* reports all of the State's assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, with the remainder reported as net position. Over time, increases or decreases in the State's net position may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *Statement of Activities* presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This Statement reports expenses and revenues in a format that focuses on the net cost of each function, allowing you to see which state functions *draw* upon the general revenues of the State and which functions *contribute* to the general revenues of the State.

The government-wide financial statements are divided into the following three categories:

Governmental activities encompass most of the State's basic services such as general government, public safety and correction, health and human services, education, economic development, and natural resources. Taxes and federal grants are the major funding sources for most of these activities.

Business-type activities account for operations that function in a manner similar to a private business, where all or a significant portion of costs are recovered through user fees and charges to external customers. These activities primarily include higher education, unemployment benefit payments, loans to cities and counties to make improvements to wastewater and drinking water systems, and lottery and liquor sales.

Discretely presented component units are organizations legally separate yet financially accountable to the State. Discretely presented component units include the Idaho Housing and Finance Association, college and university foundations, Petroleum Clean Water Trust Fund, Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, Idaho Bond Bank Authority, and Idaho Health Insurance Exchange.

Fund Financial Statements

The fund financial statements provide detailed information about the State's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Fund accounting is used to demonstrate compliance with finance-related legal requirements. The State's funds are divided into the following three categories:

Governmental funds account for most of the State's basic services and provide a detailed short-term view of the State's general government operations. They account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the fund financial statements focus on near-term inflows and outflows of resources, as well as on balances available at the end of the fiscal year that are available for future spending. Such information may be useful in evaluating the State's near-term financial position. This approach is known as using the current financial resources measurement focus and the modified accrual basis of accounting. Governmental funds include the General Fund, special revenue funds, permanent funds, and capital projects funds.

Two schedules in the governmental fund financial statements (pages 21 and 25) reconcile the amounts reported on the governmental fund financial statements (short-term focus) with governmental activities and balances reported on the appropriate government-wide statements (long-term focus). Comparing the information presented for governmental funds with similar information presented in the government-wide financial statements may provide a

better understanding of the long-term impact of the State's near-term financing decisions.

Proprietary funds account for activities similar to for-profit enterprises, where the determination of net income is necessary for sound financial administration. Proprietary funds include enterprise and internal service funds. Enterprise funds report activities that provide supplies or services to the general public; internal service funds report activities that provide supplies or services to other funds or departments of the primary government. Internal service funds are reported as governmental activities on the government-wide statements since their services primarily benefit the State. Proprietary funds provide the same type of information as the government-wide financial statements, only in greater detail. As in the government-wide statements, proprietary fund financial statements use the accrual basis of accounting.

Fiduciary funds account for resources held for the benefit of parties outside the State. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the State's programs. These funds are reported using the accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements (beginning on page 38) provide additional information that is essential to an understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The notes to the financial statements are followed by required supplementary information that further supports the information in the financial statements. The Required Supplementary Information section begins on page 123 and includes the following:

- Budgetary comparison schedules and note disclosure that show how the General, Health and Welfare, and Transportation funds presented in the governmental fund financial statements reconcile to the legally adopted budget
- Condition and maintenance data regarding the State's infrastructure reported using the modified approach
- Schedules of funding progress, employer contributions, and actuarial information related to the State's obligation to provide pension and postemployment benefits to certain employees

Other Supplementary Information

Combining financial statements, starting on page 139, are presented to provide more detail for nonmajor special revenue, capital projects, proprietary, and fiduciary funds. The total columns of these combining financial statements agree with the applicable combined fund financial statement.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

Net position measures the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources. Net position may serve over time as a useful indicator of the State's financial position. The State's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13.8 billion for the most recent fiscal year. The State's

combined net position increased \$803.9 million over the course of this fiscal year's operations. Net position of governmental activities increased \$690.9 million and business-type activities' net position increased \$112.9 million. Net position changes between the current and prior year are described in the governmental activities and business-type activities sections on page 9.

Net Position
June 30, 2018 and 2017
(dollars in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017*	2018	2017*	2018	2017*
Assets						
Current and Other Assets	\$ 6,314,203	\$ 5,533,399	\$ 2,143,144	\$ 2,039,623	\$ 8,457,347	\$ 7,573,022
Capital Assets	7,003,739	6,723,479	1,257,989	1,188,952	8,261,728	7,912,431
Total Assets	13,317,942	12,256,878	3,401,133	3,228,575	16,719,075	15,485,453
Deferred outflows of Resources	158,701	222,080	37,160	48,236	195,861	270,316
Total Assets and Deferred Outflows of Resources	13,476,643	12,478,958	3,438,293	3,276,811	16,914,936	15,755,769
Liabilities						
Other Liabilities	608,717	524,790	143,008	129,156	751,725	653,946
Long-Term Liabilities	1,565,170	1,351,924	654,948	675,740	2,220,118	2,027,664
Total Liabilities	2,173,887	1,876,714	797,956	804,896	2,971,843	2,681,610
Deferred Inflows of Resources	63,825	54,227	65,881	10,397	129,706	64,624
Total Liabilities and Deferred Inflows of Resources	2,237,712	1,930,941	863,837	815,293	3,101,549	2,746,234
Net Position:						
Net Investment in Capital Assets	6,221,050	6,012,171	804,989	756,344	7,026,039	6,768,515
Restricted	3,761,041	3,412,912	1,543,889	1,449,554	5,304,930	4,862,466
Unrestricted	1,256,840	1,122,934	225,578	255,620	1,482,418	1,378,554
Total Net position	\$ 11,238,931	\$ 10,548,017	\$ 2,574,456	\$ 2,461,518	\$ 13,813,387	\$ 13,009,535

*Amounts in these columns have been restated. More detailed information regarding net position can be found in Note 14.

The largest component of the State's net position, 50.9 percent (\$7.0 billion), reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, software, and capital assets in progress), net of accumulated depreciation and less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens. These assets are not available for future spending.

Restricted net position is the next largest component, comprising 38.4 percent (\$5.3 billion). These resources are not available for general use due to restrictions placed on them by external parties such as creditors, grantors, or contributors; or by state law through constitutional provisions or enabling legislation.

The remaining 10.7 percent (\$1.5 billion) of net position represents unrestricted net position, which may be used at the State's discretion but often has limitations on use based on state statutes.

At the end of the current fiscal year, the State reported positive balances in all three categories of net position for the State as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Change in Net Position

Over time, increases or decreases in the State's net position are an indicator of whether its financial health is improving or deteriorating. The following condensed financial information was derived from the current and prior year government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

Changes in Net Position For the Fiscal Years Ended June 30, 2018 and 2017 <i>(dollars in thousands)</i>							
	Governmental Activities		Business-Type Activities		Total Primary Government		Total Percent Change
	2018	2017*	2018	2017*	2018	2017*	
Revenues							
Program Revenues							
Charges for Services	\$ 818,281	\$ 870,151	\$1,154,678	\$1,139,214	\$ 1,972,959	\$ 2,009,365	(1.8)
Operating Grants and Contributions	3,180,624	2,869,284	301,757	293,977	3,482,381	3,163,261	10.1
Capital Grants and Contributions	4,321	12,425	43,551	23,533	47,872	35,958	33.1
General Revenues							
Sales Tax	1,805,363	1,636,125			1,805,363	1,636,125	10.3
Individual and Corporate Taxes	2,091,958	1,848,281			2,091,958	1,848,281	13.2
Other Taxes	596,719	562,693			596,719	562,693	6.0
Other	60,991	37,833			60,991	37,833	61.2
Total Revenues	8,558,257	7,836,792	1,499,986	1,456,724	10,058,243	9,293,516	8.2
Expenses							
General Government	512,086	507,700			512,086	507,700	0.9
Public Safety and Correction	439,116	410,975			439,116	410,975	6.8
Health and Human Services	3,079,063	2,668,755			3,079,063	2,668,755	15.4
Education	2,229,172	2,089,048			2,229,172	2,089,048	6.7
Economic Development	996,854	862,427			996,854	862,427	15.6
Natural Resources	303,441	295,879			303,441	295,879	2.6
Interest Expense	52,271	15,879			52,271	15,879	229.2
College and University			1,155,209	1,106,464	1,155,209	1,106,464	4.4
Unemployment Compensation			86,600	108,022	86,600	108,022	(19.8)
Loan			6,448	8,119	6,448	8,119	(20.6)
State Lottery			211,916	192,314	211,916	192,314	10.2
State Liquor			172,786	162,792	172,786	162,792	6.1
Correctional Industries			9,429	9,102	9,429	9,102	3.6
Total Expenses	7,612,003	6,850,663	1,642,388	1,586,813	9,254,391	8,437,476	9.7
Increase (Decrease) in Net Position before Transfers	946,254	986,129	(142,402)	(130,089)	803,852	856,040	(6.1)
Transfers	(255,340)	(247,300)	255,340	247,300			
Change in Net Position	690,914	738,829	112,938	117,211	803,852	856,040	(6.1)
Net Position, Beginning of Year, as Restated	10,548,017	9,809,188	2,461,518	2,344,307	13,009,535	12,153,495	7.0
Net Position, End of Year	\$11,238,931	\$10,548,017	\$2,574,456	\$2,461,518	\$13,813,387	\$13,009,535	6.2

*Amounts in these columns have been restated.

The Total Percent Change column shows the percentage change in operation from fiscal year 2017 to 2018 for each line item. Readers should be cautious when using this column to evaluate the overall change in net position. Although a line may show a large percentage change (e.g., 229.2 percent increase for Interest Expense of \$36.4 million), it may not have as significant of an effect on the overall change in net position as a change in a more material line item with a smaller percentage change (e.g., 6.7 percent increase for Education of \$140.1 million).

Governmental Activities

Revenues

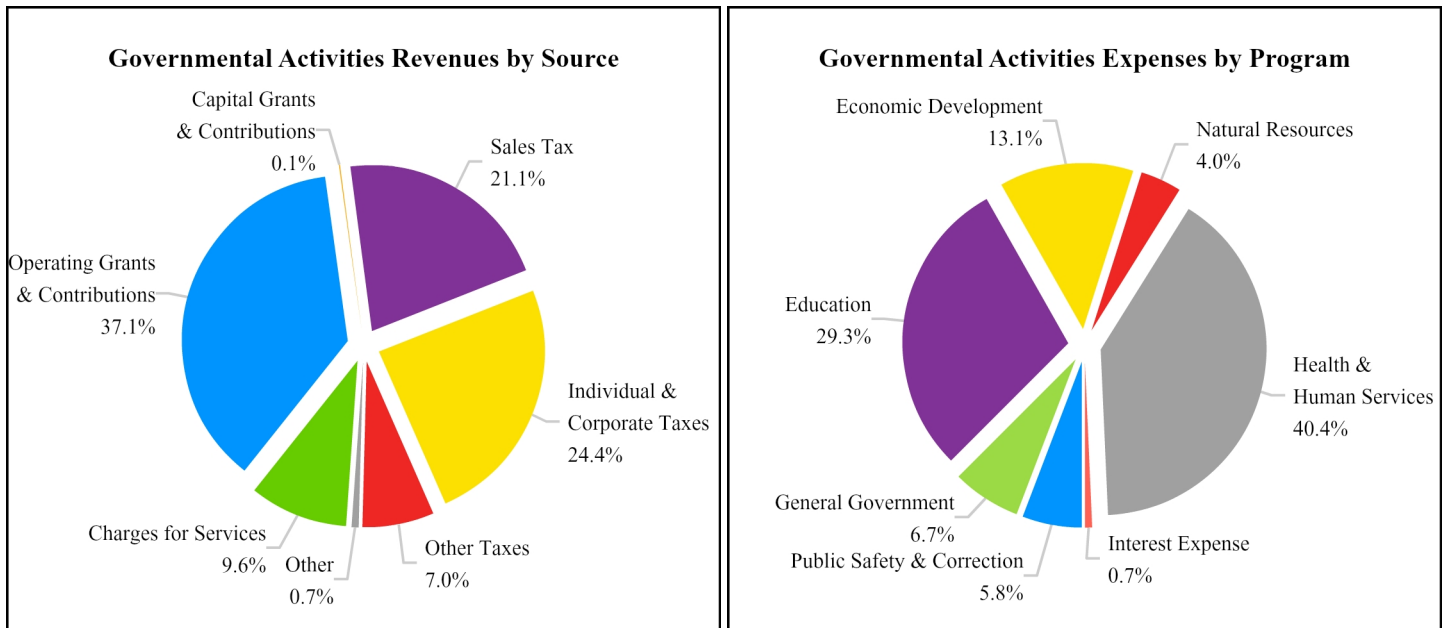
The overall financial position for Governmental Activities significantly improved during the fiscal year, as evidenced by the 6.6 percent (\$690.9 million) increase in net position. Revenues continued to outpace expenses in most categories. Individual and corporate income taxes revenue increased 13.2 percent (\$243.7 million). Operating grant revenue increased 10.9 percent (\$311.3 million), primarily due to large increases in highways and health federal grants. Decreased collection in other settlements, land sales, interest income, and across the board decreases to the fair value of investments caused revenue from charges for services to fall 6 percent (\$51.9 million). Both Sales Tax and Other Tax revenue improved 10.3 percent (\$169.2

million) and 6 percent (\$34.0 million) respectfully. Sales Tax revenue increase was partly due to collection and remittance of sales tax by Amazon.com.

Expenses

Overall expenses for the State increased 11.1 percent (\$761.3 million). Education expenses rose 6.7 percent (\$140.1 million) primarily due to increased student enrollment and teacher pay. Expenses for economic development rose 15.6 percent (\$134.4 million) due largely to highway projects. Finally, health and human services expenses experienced a 15.4 percent (\$410.3 million) increase from the prior year primarily due to medical assistance vendor payments.

The following charts depict revenues and expenses of the governmental activities for fiscal year ended June 30, 2018:



Total Revenues = \$8.6 billion

Total Expenses = \$7.6 billion

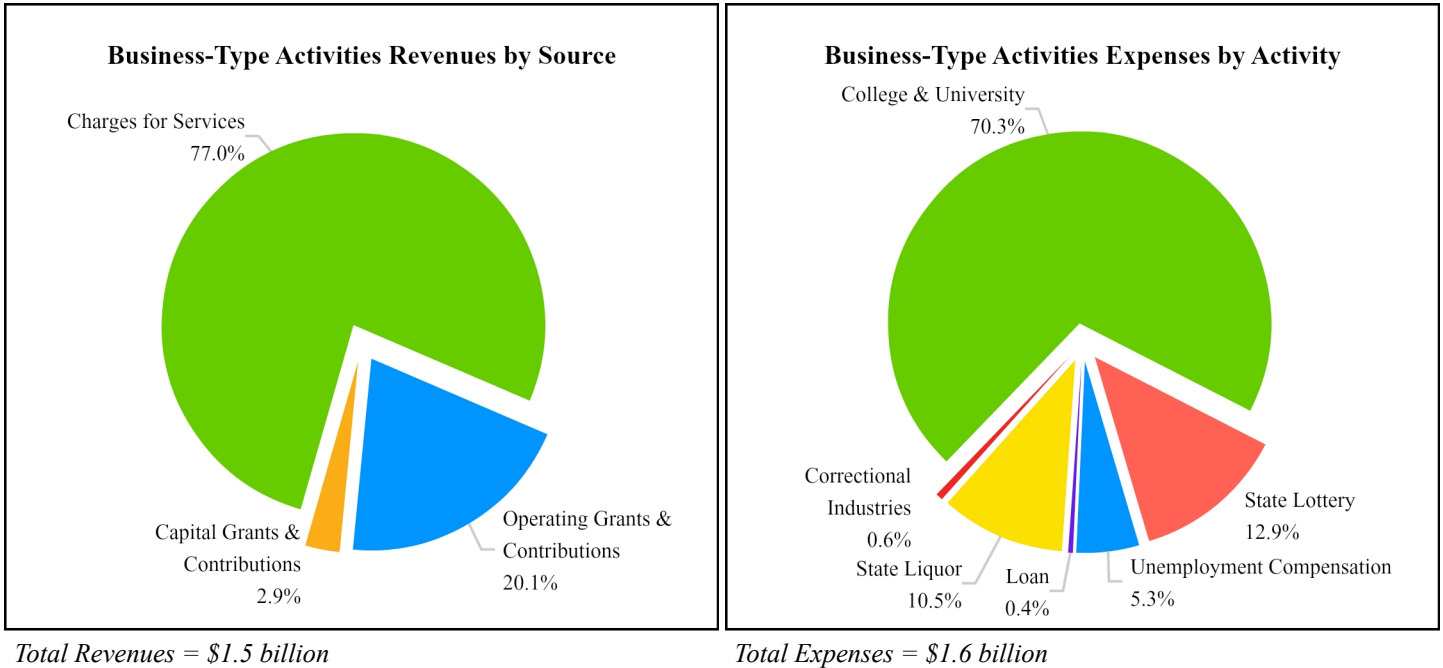
Business-Type Activities

Business-type activities' net position increased by 4.6 percent (\$112.9 million) during the fiscal year. The largest changes were seen in the following funds:

- The College and University fund net position increased by 1.4 percent (\$14.0 million) from the prior year to \$1.0 billion. Operating expenses grew 4.4 percent (\$48.7 million) mainly due to a \$53.7 million uptick in wage and salary costs.

- Unemployment Compensation fund net position improved 9.5 percent (\$73.6 million) due to Idaho's continued low unemployment rate.

The following charts depict revenues and expenses of the business-type activities:



FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

At the close of the fiscal year, the State's governmental funds reported combined ending fund balances of \$5.1 billion, an increase of \$542.3 million in comparison with fiscal year 2017. The governmental fund balance is classified as follows:

- *Nonspendable* either due to its form or legal constraints such as permanent trusts: \$1.7 billion (33.6 percent)
- *Restricted* for a specific purpose either by creditors, grantors, constitutional provisions, or enabling legislation: \$2.0 billion (38.7 percent)
- *Committed* for specific purposes by the Legislature or for satisfying contractual requirements: \$514.4 million (10.1 percent)
- *Assigned* for a specific purpose as that intent is expressed by the Legislature or by a governing body or official: \$93.6 million (1.8 percent)
- *Unassigned* is the General Fund balance that has not been designated for another fund and that has not been restricted, committed, or assigned to a specific purpose within the General Fund: \$800.8 million (15.8 percent)

Changes in the fund balance noted above are described by major fund type as follows:

- The General Fund is the chief operating fund of the State. During the fiscal year the fund balance increased

18.2 percent (\$269.4 million) primarily due to a hefty \$231.8 million increase in individual and corporate tax revenue.

- The Health and Welfare fund balance decreased 1,652.9 percent (53.3 million) during the fiscal year. The primary driver of the fund balance decline was an increase in incurred but uncollected medical assistance payments for Medicaid and rehabilitation services.
- The Transportation fund balance decreased 6.5 percent (\$25.2 million) during the fiscal year primarily due to a significant increase in capital outlay for infrastructure, machinery, and equipment.
- The Land Endowments fund balance increased 9.9 percent (\$208.7 million) from the prior year primarily due to previous investment returns and the ongoing sales of endowment land.
- The Nonmajor Governmental fund balance increased 25.5 percent (\$142.8 million) during the fiscal year. Increases are due to bonds and notes issued for various projects.

Proprietary Funds

Proprietary funds provide the same type of information found in the Business-Type Activities columns of the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

The State does not adopt a revenue budget; therefore, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. General Fund revenues for the fiscal year ended on a strong note coming in at \$4.5 billion. Most of the General Fund revenue comes from various types of tax collections; these collections increased 8.2 percent over 2017. The sum of the collections increase significantly surpassed the 5.3 percent projected growth. All five collection categories contributed to the fiscal year 2018 surplus. Individual income tax receipts (\$1.8 billion) topped the forecast by 3.9 percent (\$68.6 million). Corporate income tax receipts (\$238.7 million) came in 10.6 percent (\$22.9 million) above forecast (\$215.8 million). Sales tax contributions (\$1.5 billion) exceeded projections by 1.3 percent (\$18.5 million). Product tax revenue (\$58.3 million) for the year surpassed anticipated collections (\$58.2 million) by 0.1 percent (\$0.09 million). And miscellaneous sources (\$116.3 million) fell short of the projected \$125.7 million

by 7.5 percent (\$9.4 million). The cash balance carried over into fiscal year 2018 was \$118.4 million. Overall, General Fund receipts were \$283.2 million more in fiscal year 2018 than in fiscal year 2017.

The original expenditures budget amount on the Budgetary Comparison Schedule represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, activity transfers, and receipts to the appropriation. The variance between the final budget and actual spending was a favorable \$192.1 million (4.8 percent). The natural resources function within the General Fund reported a negative variance of \$30.6 million stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2018 the State had \$8.3 billion (net of accumulated depreciation) invested in a broad range of capital assets, as can be seen in the table below. Depreciation expense for this fiscal year totaled \$187.0 million.

Capital Assets as of June 30, 2018 and 2017						
<i>(Net of depreciation, dollars in thousands)</i>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017*	2018	2017	2018	2017*
Land and Land Use Rights	\$ 1,135,164	\$ 1,102,390	\$ 144,004	\$ 139,724	\$ 1,279,168	\$ 1,242,114
Capital Assets in Progress	1,214,835	1,046,351	41,932	12,901	1,256,767	1,059,252
Infrastructure-not Depreciated	2,767,488	2,727,379			2,767,488	2,727,379
Historical Art and Collections	122	122	2,423	2,392	2,545	2,514
Buildings and Improvements	689,886	622,579	954,469	917,523	1,644,355	1,540,102
Improvements Other Than Buildings	97,182	92,593	29,111	30,605	126,293	123,198
Machinery, Equipment, and Other	276,978	294,019	86,050	85,807	363,028	379,826
Infrastructure-Depreciated	822,084	838,046			822,084	838,046
Total	\$ 7,003,739	\$ 6,723,479	\$ 1,257,989	\$ 1,188,952	\$ 8,261,728	\$ 7,912,431

*These columns have been restated. More detailed information can be found in Note 6.

This year's major capital asset additions include \$214.4 million spent for infrastructure assets, which includes capital assets in progress (\$165.5 million), roadways (\$47.0 million), and rights-of-way (\$1.9 million).

The State uses the traditional method of depreciation for its 1,815 bridges, 29 rest areas, 12 ports of entry and 10 weigh stations. The State adopted the modified approach for reporting roads. Under this alternative method certain

maintenance and preservation costs are expensed, and depreciation expense is not reported. Approximately 12,273 lane miles of roads are accounted for under the modified approach. The State manages its roadway network using its Pavement Management System to monitor road surface condition. The roadway surface condition is determined using three pavement condition data elements: International Roughness Index, rutting depth, and pavement distress (cracking). Roadway surface is categorized as good, fair, poor, or very poor. The State's established condition level

is to have no more than 30 percent of pavement in poor or very poor condition. The latest condition assessment rating showed that the State had 11.7 percent of its road surfaces in poor or very poor condition. During fiscal year 2018 the State spent \$179.2 million to maintain Idaho's road surfaces. This amount is 79 percent (\$78.5 million) more than the estimated amount of \$100.7 million required to maintain Idaho's road surfaces. More detailed information about the State's capital assets is presented in Notes 1 and 6 to the financial statements and in the Required Supplementary Information.

Long-Term Debt

Article VIII Section 1 of the Idaho Constitution, amended in 1998, specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law, and which have no power to levy taxes or obligate the General Fund of the State, are not debts or liabilities of the State.

Idaho Code Title 40 addresses the increasing need for timely improvements to Idaho's highway infrastructure. The Idaho Transportation Board, with the approval of the Legislature, can approve debt financing for transportation infrastructure projects utilizing future federal-aid highway revenues. Opinions have been received from the Office of the Attorney General, based on the Idaho Supreme Court decision in *Ada County v. Wright*, to the effect that this procedure does not create a liability of the State in violation of the Idaho Constitution.

During fiscal year 2018, the Idaho Housing Finance Association did not issue any new GARVEE debt for highway projects. The notes payable ending balance for highway projects was \$521.0 million.

Moody's Investors Service has assigned the State of Idaho an issuer rating of Aa1 with a stable outlook. Idaho currently has no general obligation debt outstanding. The State's Tax Anticipation Notes, which carry the faith and credit pledge of the State, are rated MIG 1. The rating for the state building revenue bonds issued by the Idaho State Building Authority is rated Aa2, with a stable outlook. More detailed information about the State's long-term debt is presented in Notes 1 and 13 to the financial statements.

ECONOMIC FACTS AND NEXT YEAR'S BUDGET

Idaho's unemployment rate declined slightly to 2.7 percent in September 2018, continuing at or below 3 percent for the 13th consecutive month. The State's labor force grew over the last year from 819,848 in August 2017 to 853,076 in July 2018. The national unemployment rate in August was 3.9 percent. Total state employment in September was 829,793, up from 814,500 in 2017.

Revenue for fiscal year 2019 is projected to decline 2.6 percent (\$98.3 million) resulting from the changes in Idaho law.

The overall General Fund budget for fiscal year 2019 is \$3.7 billion (5.9 percent decrease). Medicaid received \$585.2 million (10 percent increase); and the Department of Correction received \$240.7 million (9.2 percent increase). The Legislature approved an ongoing 3 percent merit-based salary increase for state employees. Contributions to the State's budget reserves

decreased by \$0.8 million during fiscal year 2018.

For the fourth year in a row the Legislature increased the General Fund appropriation for education. The Legislature approved the following General Fund appropriation increases related to education:

- Public schools (K-12): 5.9 percent (\$100.0 million)
- Community colleges: 17.1 percent (\$6.7 million)
- Career technical education: 1.6 percent (\$1.0 million)

Finally, with improving economic conditions and strong revenue growth, the Legislature cut taxes for most individuals and businesses in the state, providing nearly \$142 million in tax relief. The Legislature also provided a new child tax credit of \$205 for eligible children. The result of the Legislature's tax package will have a fiscal impact of approximately \$129.5 million less revenue to the General Fund.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, the Legislature, investors, and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Office of the State Controller
700 West State Street, P.O. Box 83720
Boise, Idaho 83720-0011
(208) 334-3150, cafr@sco.idaho.gov



Rafting on the Payette

Basic Financial Statements

Statement of Net Position

June 30, 2018

(dollars in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	\$ 12,701	\$ 675,652	\$ 688,353	\$ 62,162
Pooled Cash and Investments	1,784,499	201,350	1,985,849	1,083
Investments	2,577,347	464,955	3,042,302	472,359
Accounts Receivable, Net	138,328	117,759	256,087	28,157
Taxes Receivable, Net	531,063		531,063	
Internal Balances	16,212	(16,212)		
Due from Other Entities	393,299		393,299	
Inventories and Prepaid Items	70,339	30,050	100,389	672
Due from Primary Government				567,133
Due from Component Unit		3,286	3,286	
Loans, Notes, and Pledges Receivable, Net	4,541	435,338	439,879	931,429
Other Assets	98,096	7,910	106,006	8,831
Restricted Assets:				
Cash and Cash Equivalents	239,070	105,625	344,695	209,562
Investments	448,708	117,431	566,139	319,661
Capital Assets:				
Nondepreciable	5,117,609	188,359	5,305,968	6,221
Depreciable, Net	1,886,130	1,069,630	2,955,760	57,431
Total Assets	13,317,942	3,401,133	16,719,075	2,664,701
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	158,701	37,160	195,861	38,483
Total Assets and Deferred Outflows of Resources	\$ 13,476,643	\$ 3,438,293	\$ 16,914,936	\$ 2,703,184
LIABILITIES				
Accounts Payable	\$ 173,260	\$ 34,072	\$ 207,332	\$ 5,323
Payroll and Related Liabilities	34,648	33,788	68,436	983
Medicaid Payable	206,324		206,324	
Due to Other Entities	98,470	7,905	106,375	
Unearned Revenue	54,338	45,380	99,718	9,023
Amounts Held in Trust for Others	22,903	4,320	27,223	135,036
Due to Primary Government				10,172
Due to Component Unit		198	198	
Other Accrued Liabilities	18,774	17,345	36,119	224,035
Long-Term Liabilities:				
Due Within One Year	278,269	44,879	323,148	118,035
Due in More Than One Year	1,286,901	610,069	1,896,970	1,169,045
Total Liabilities	2,173,887	797,956	2,971,843	1,671,652
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	63,825	65,881	129,706	9,240
NET POSITION				
Net Investment in Capital Assets	6,221,050	804,989	7,026,039	32,441
Restricted for:				
Claims and Judgments	32,872		32,872	
Debt Service	5,512		5,512	143,221
Transportation	338,385		338,385	
Regulatory	96,197		96,197	
Natural Resources and Recreation	252,120		252,120	
Unemployment Compensation		851,812	851,812	
Permanent Trust - Expendable	688,884	54,740	743,624	183,845
Permanent Trust - Nonexpendable	1,976,322		1,976,322	380,507
Other Purposes	370,749	637,337	1,008,086	217,644
Unrestricted	1,256,840	225,578	1,482,418	64,634
Total Net Position	11,238,931	2,574,456	13,813,387	1,022,292
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 13,476,643	\$ 3,438,293	\$ 16,914,936	\$ 2,703,184

The accompanying notes are an integral part of the financial statements.



Statement of Activities

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS				
Primary Government				
Governmental Activities				
General Government	\$ 512,086	\$ 88,270	\$ 96,102	
Public Safety and Correction	439,116	47,819	9,943	
Health and Human Services	3,079,063	110,847	2,089,449	
Education	2,229,172	14,826	266,416	
Economic Development	996,854	333,084	432,835	\$ 2,587
Natural Resources	303,441	223,435	285,879	1,734
Interest Expense	52,271			
Total Governmental Activities	7,612,003	818,281	3,180,624	4,321
Business-Type Activities				
College and University	1,155,209	494,717	284,909	43,551
Unemployment Compensation	86,600	163,839	2,899	
Loan	6,448	8,480	13,949	
State Lottery	211,916	265,811		
State Liquor	172,786	211,519		
Correctional Industries	9,429	10,312		
Total Business-Type Activities	1,642,388	1,154,678	301,757	43,551
Total Primary Government	\$ 9,254,391	\$ 1,972,959	\$ 3,482,381	\$ 47,872
Component Units				
Idaho Housing and Finance Association	\$ 163,979	\$ 168,287	\$ 48,647	
College and University Foundation	75,092	20,711	94,729	
Petroleum Clean Water Trust	3,455	2,895		
Health Reinsurance	805	600		
Bond Bank Authority	10,669	10,659		
Health Insurance Exchange	23,297	10,446	13	
Total Component Units	\$ 277,297	\$ 213,598	\$ 143,389	\$ 0

GENERAL REVENUES

Sales Tax
Individual and Corporate Taxes
Fuel Tax
Other Taxes
Tobacco Settlement
Unrestricted Investment Earnings

Transfers**Total General Revenues, Contributions, and Transfers****Change in Net Position****Net Position - Beginning of Year, as Restated****Net Position - End of Year**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (327,714)		\$ (327,714)	
(381,354)		(381,354)	
(878,767)		(878,767)	
(1,947,930)		(1,947,930)	
(228,348)		(228,348)	
207,607		207,607	
(52,271)		(52,271)	
(3,608,777)		(3,608,777)	
	\$ (332,032)	(332,032)	
	80,138	80,138	
	15,981	15,981	
	53,895	53,895	
	38,733	38,733	
	883	883	
	(142,402)	(142,402)	
(3,608,777)	(142,402)	(3,751,179)	
			\$ 52,955
			40,348
			(560)
			(205)
			(10)
			(12,838)
			79,690
1,805,363		1,805,363	
2,091,958		2,091,958	
350,134		350,134	
246,585		246,585	
23,639		23,639	
37,352		37,352	
(255,340)	255,340		
4,299,691	255,340	4,555,031	
690,914	112,938	803,852	79,690
10,548,017	2,461,518	13,009,535	942,602
\$ 11,238,931	\$ 2,574,456	\$ 13,813,387	\$ 1,022,292

The accompanying notes are an integral part of the financial statements.

Balance Sheet

Governmental Funds

June 30, 2018

(dollars in thousands)

	General	Health and Welfare	Transportation
ASSETS			
Cash and Cash Equivalents	\$ 820		\$ 6
Pooled Cash and Investments	1,115,030	\$ 299	167,850
Investments	72,019	621	163,116
Accounts Receivable, Net	28,241	47,102	17,806
Taxes Receivable, Net	466,205	203	57,734
Interfund Receivables	11,392	6	13
Due from Other Entities		295,344	35,327
Inventories and Prepaid Items	19,239	7,268	22,212
Loans, Notes, and Pledges Receivable, Net	764		197
Other Assets	2,243	109	1,058
Restricted Assets:			
Cash and Cash Equivalents	8,686	686	43,083
Investments	326,511	4,553	
Total Assets	\$ 2,051,150	\$ 356,191	\$ 508,402
LIABILITIES			
Accounts Payable	\$ 16,861	\$ 21,093	\$ 61,547
Payroll and Related Liabilities	13,564	6,629	3,778
Medicaid Payable		206,324	
Interfund Payables	1,216	2,333	554
Due to Other Entities	55,439		43,020
Unearned Revenue	7,711		19,711
Amounts Held in Trust for Others	13,474	8,323	
Other Accrued Liabilities	2,925	3,727	6,083
Total Liabilities	111,190	248,429	134,693
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	194,434	164,277	8,600
FUND BALANCES			
Nonspendable:			
Permanent Trusts			
Inventories and Prepaid Items	19,239	7,268	22,212
Noncurrent Receivables	50		
Restricted	399,972		316,173
Committed	369,516	77	26,724
Assigned	92,124		
Unassigned	864,625	(63,860)	
Total Fund Balances	1,745,526	(56,515)	365,109
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,051,150	\$ 356,191	\$ 508,402

Land Endowments	Nonmajor Governmental	Total
	\$ 11,875	\$ 12,701
\$ 123,244	302,409	1,708,832
2,193,559	99,040	2,528,355
18,710	25,278	137,137
	6,921	531,063
	1,196	12,607
	62,628	393,299
	17,349	66,068
	3,580	4,541
7,661	1,965	13,036
	153,743	206,198
	117,644	448,708
<u>\$ 2,343,174</u>	<u>\$ 803,628</u>	<u>\$ 6,062,545</u>
\$ 21,939	\$ 50,612	\$ 172,052
	10,136	34,107
		206,324
	1,592	5,695
	11	98,470
	7,767	35,189
	1,106	22,903
3	3,299	16,037
<u>21,942</u>	<u>74,523</u>	<u>590,777</u>
	27,386	394,697
1,632,348	7,812	1,640,160
	17,349	66,068
		50
688,884	556,979	1,962,008
	118,072	514,389
	1,507	93,631
		800,765
<u>2,321,232</u>	<u>701,719</u>	<u>5,077,071</u>
<u>\$ 2,343,174</u>	<u>\$ 803,628</u>	<u>\$ 6,062,545</u>

The accompanying notes are an integral part of the financial statements.



Reconciliation of the Governmental Funds Balance Sheet**To the Statement of Net Position****June 30, 2018***(dollars in thousands)*

Total Fund Balances - Governmental Funds		\$ 5,077,071
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Land and Land Use Rights	\$ 1,135,164	
Capital Assets in Progress	1,214,835	
Infrastructure	3,888,714	
Historical Art and Collections	72	
Buildings and Improvements	1,133,682	
Improvements Other Than Buildings	174,313	
Machinery, Equipment, and Other	779,706	
Accumulated Depreciation	(1,337,595)	
Total Capital Assets		6,988,891
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
		93,161
Deferred Outflows of Resources benefit future periods and are not reported in the funds. The deferred outflows of resources consist of the following:		
Debt Defeasance	3,926	
Hedging Derivatives	2,400	
Pension Related Deferrals	65,563	
Pension Contributions Subsequent to Measurement Date	74,390	
OPEB Related Deferrals	10,131	
Total Deferred Outflows of Resources		156,410
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		
		135,933
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Compensated Absences Payable	(56,455)	
Bonds, Notes, and Capital Leases Payable	(894,472)	
Accrued Interest on Bonds	(2,645)	
Claims and Judgments	(195,016)	
Other Long-Term Liabilities	(395,741)	
Total Long-Term Liabilities		(1,544,329)
Deferred Inflows of Resources benefit future periods. The deferred inflows of resources consist of the following:		
Unavailable Revenue	392,202	
Pension Related Deferrals	(60,408)	
Total Deferred Inflows of Resources		331,794
Net Position - Governmental Activities		\$ 11,238,931

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	General	Health and Welfare	Transportation
REVENUES			
Sales Tax	\$ 1,783,456		\$ 15,713
Individual and Corporate Taxes	2,086,103		
Other Taxes	58,167	\$ 30,238	345,562
Licenses, Permits, and Fees	24,743	23,618	186,183
Sale of Goods and Services	28,155	110,073	7,503
Grants and Contributions	17,637	1,989,937	343,626
Investment Income	55,865	(14,313)	1,623
Tobacco Settlement	23,639		
Other Income	44,893	10	2,814
Total Revenues	4,122,658	2,139,563	903,024
EXPENDITURES			
Current:			
General Government	150,410		
Public Safety and Correction	337,503	3,366	
Health and Human Services	30,787	2,827,737	
Education	1,954,413		
Economic Development	66,094		217,315
Natural Resources	68,588		
Capital Outlay	64,527	15,791	450,971
Intergovernmental Revenue Sharing	305,467	68,986	200,388
Debt Service:			
Principal Retirement	1,095		31,061
Interest and Other Charges	20,131		24,752
Total Expenditures	2,999,015	2,915,880	924,487
Revenues Over (Under) Expenditures	1,123,643	(776,317)	(21,463)
OTHER FINANCING SOURCES (USES)			
Bonds and Notes Issued			
Premium on Bond Issued			
Capital Lease Acquisitions	292		
Sale of Capital Assets	542	101	14,508
Transfers In	228,270	729,245	
Transfers Out	(1,083,395)	(6,320)	(18,290)
Total Other Financing Sources (Uses)	(854,291)	723,026	(3,782)
Net Change in Fund Balances	269,352	(53,291)	(25,245)
Fund Balances - Beginning of Year, as Restated	1,476,174	(3,224)	390,354
Fund Balances - End of Year	\$ 1,745,526	\$ (56,515)	\$ 365,109

Land Endowments	Nonmajor Governmental	Total
	\$ 6,471	\$ 1,805,640
	27	2,086,130
	162,341	596,308
	184,263	418,807
\$ 76,137	42,029	263,897
	532,857	2,884,057
200,981	15,040	259,196
		23,639
11	18,497	66,225
277,129	961,525	8,403,899
	74,297	224,707
	66,681	407,550
		2,858,524
	256,373	2,210,786
	208,568	491,977
38,972	164,232	271,792
	167,762	699,051
	62,690	637,531
	9,524	41,680
	7,972	52,855
38,972	1,018,099	7,896,453
238,157	(56,574)	507,446
	229,040	229,040
	1,765	1,765
		292
44,266	1,441	60,858
	50,345	1,007,860
(73,683)	(83,254)	(1,264,942)
(29,417)	199,337	34,873
208,740	142,763	542,319
2,112,492	558,956	4,534,752
\$ 2,321,232	\$ 701,719	\$ 5,077,071



Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

Net Change in Fund Balances - Governmental Funds		\$ 542,319
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. Capital outlays exceeded depreciation expense in the current year by the following amount:		
Capital Outlay	\$ 415,975	
Depreciation Expense	(118,414)	
		297,561
Miscellaneous transactions involving capital assets such as sales (gain/loss) and donations are reported in the Statement of Activities but only proceeds from sales are reported in the governmental funds.		(17,982)
Revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		116,604
The issuance of long-term debt provides current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. In the current year the following debt was incurred:		
Bonds and Notes	(229,040)	
Premium on Bonds Issued	(1,765)	
Capital Leases	(292)	
		(231,097)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consisted of:		
Bond and Note Principal	40,564	
Capital Leases	1,117	
		41,681
Reduction in note principal not reported as an expenditure in governmental funds		9,880
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. Some expenditures reported in the governmental funds either increase or decrease long-term liabilities reported in the Statement of Net Position. In the current year these amounts consisted of:		
Accrued Interest and Amortization	(803)	
Compensated Absences	(2,241)	
Claims and Judgments	(122,204)	
Other Long-Term Liabilities	28,821	
		(96,427)
Internal service funds are reported separately from governmental funds in the fund statements. In the government-wide statements, internal service funds are included with governmental activities.		28,375
Change in Net Position - Governmental Activities		<u>\$ 690,914</u>

Statement of Net Position

Proprietary Funds

June 30, 2018

(dollars in thousands)

	Business-Type Activities - Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 62,932	\$ 610,051	\$ 92	\$ 2,577
Pooled Cash and Investments	147,875	4,703	20,453	28,319
Investments	97,514			
Accounts Receivable, Net	65,274	47,699	2,136	2,650
Interfund Receivables	3,850	68		153
Inventories and Prepaid Items	11,354			18,696
Due from Component Unit	3,286			
Loans, Notes, and Pledges Receivable, Net	4,768		21,036	
Other Current Assets	1,164	6	3,772	174
Total Current Assets	398,017	662,527	47,489	52,569
Noncurrent Assets				
Restricted Cash and Cash Equivalents	16,713		33,164	55,748
Investments	177,754	189,687		
Restricted Investments			117,431	
Loans, Notes, and Pledges Receivable, Net	28,258		381,276	
Other Noncurrent Assets	2,794			
Capital Assets, Net	1,206,125		39,767	12,097
Total Noncurrent Assets	1,431,644	189,687	571,638	67,845
Total Assets	1,829,661	852,214	619,127	120,414
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	34,898			2,262
Total Assets and Deferred Outflows of Resources	\$ 1,864,559	\$ 852,214	\$ 619,127	\$ 122,676
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 21,258			\$ 12,814
Payroll and Related Liabilities	33,180			608
Interfund Payables	4,440			7,348
Due to Other Entities				7,905
Unearned Revenue	32,943		\$ 12,173	264
Amounts Held in Trust for Others	4,320			
Due to Component Unit	198			
Other Accrued Liabilities	13,259	\$ 402	4	3,680
Compensated Absences Payable	23,217			766
Bonds, Notes, and Capital Leases Payable	20,854			42
Policy Claim Liabilities				
Total Current Liabilities	153,669	402	12,177	33,427
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	452,125			59
Policy Claim Liabilities				
Other Long-Term Obligations	151,826			6,059
Total Noncurrent Liabilities	603,951			6,118
Total Liabilities	757,620	402	12,177	39,545
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	64,898			983
NET POSITION				
Net Investment in Capital Assets	753,228		39,766	11,995
Restricted for:				
Claims and Judgments				
Unemployment Compensation		851,812		
Permanent Trust - Expendable	54,740			
Other Purposes			567,184	70,153
Unrestricted	234,073			
Total Net Position	1,042,041	851,812	606,950	82,148
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,864,559	\$ 852,214	\$ 619,127	\$ 122,676

The amount reported for the total net position on this statement differs from the amount reported for Business-Type Activities on the Government-wide Statement of Net Position because of an \$8,495 consolidation adjustment for internal service fund activities on the Government-wide statement.

The accompanying notes are an integral part of the financial statements.

		Governmental Activities	
Total		Internal Service Funds	
\$	675,652		
	201,350	\$	75,667
	97,514		
	117,759		1,191
	4,071		817
	30,050		4,271
	3,286		
	25,804		
	5,116		383
	1,160,602		82,329
	105,625		32,872
	367,441		48,992
	117,431		
	409,534		
	2,794		
	1,257,989		14,848
	2,260,814		96,712
	3,421,416		179,041
	37,160		2,291
\$	3,458,576	\$	181,332
\$	34,072	\$	1,197
	33,788		541
	11,788		12
	7,905		
	45,380		19,149
	4,320		
	198		
	17,345		92
	23,983		866
	20,896		320
			5,973
	199,675		28,150
	452,184		1,394
			9,240
	157,885		5,693
	610,069		16,327
	809,744		44,477
	65,881		922
	804,989		13,134
			32,872
	851,812		
	54,740		
	637,337		81,220
	234,073		8,707
	2,582,951		135,933
\$	3,458,576	\$	181,332

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Business-Type Activities - Enterprise Funds			
	College and University	Unemployment Compensation	Loan	Nonmajor Enterprise Funds
OPERATING REVENUES				
Assessments		\$ 154,581		
Licenses, Permits, and Fees	\$ 441,654		\$ 3,241	\$ 4
Scholarship Allowances	(89,362)			
Sale of Goods and Services	121,303		1,636	486,425
Grants and Contributions	158,349	2,899	13,949	
Other Income	17,107		4	974
Total Operating Revenues	649,051	157,480	18,830	487,403
OPERATING EXPENSES				
Personnel Costs	740,695			17,487
Services and Supplies	247,763	1	2,390	153,394
Benefits, Awards, and Premiums	63,473	86,524		176,188
Depreciation	65,919		187	1,172
Other Expenses	20,352	75	959	8,671
Total Operating Expenses	1,138,202	86,600	3,536	356,912
Operating Income (Loss)	(489,151)	70,880	15,294	130,491
NONOPERATING REVENUES (EXPENSES)				
Gifts and Grants	126,560			
Investment Income	2,794	9,258	3,599	239
Interest Expense	(16,456)			(7)
Intergovernmental Distributions			(2,912)	(37,206)
Gain (Loss) on Sale of Capital Assets	(551)			(6)
Other Nonoperating Revenues (Expenses)	1,221			
Total Nonoperating Revenues (Expenses)	113,568	9,258	687	(36,980)
Income (Loss) Before Contributions and Transfers	(375,583)	80,138	15,981	93,511
Capital Contributions	43,551			
Transfers In	347,393	681	3,295	
Transfers Out	(1,337)	(7,257)	(1,706)	(85,729)
Change in Net Position	14,024	73,562	17,570	7,782
Total Net Position - Beginning of Year, as Restated	1,028,017	778,250	589,380	74,366
Total Net Position - End of Year	\$ 1,042,041	\$ 851,812	\$ 606,950	\$ 82,148

		Governmental Activities	
Total		Internal Service Funds	
\$	154,581		
	444,899	\$	1
	(89,362)		
	609,364		374,068
	175,197		140
	18,085		2,497
	1,312,764		376,706
	758,182		15,843
	403,548		22,208
	326,185		305,576
	67,278		1,275
	30,057		6,675
	1,585,250		351,577
	(272,486)		25,129
	126,560		
	15,890		1,587
	(16,463)		(76)
	(40,118)		
	(557)		(1)
	1,221		(6)
	86,533		1,504
	(185,953)		26,633
	43,551		
	351,369		1,742
	(96,029)		
	112,938		28,375
	2,470,013		107,558
\$	2,582,951	\$	135,933

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Business-Type	
	College and University	Unemployment Compensation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Assessments		\$ 164,827
Receipts from Customers	\$ 472,495	
Receipts from Interfund Services		
Receipts from Grants and Contributions	163,939	2,899
Payments to Employees	(732,447)	
Payments to Suppliers	(256,216)	(1)
Payments for Interfund Services		
Payments for Benefits, Awards, and Claims	(57,139)	(86,463)
Other Receipts	16,299	
Other Payments	(10,481)	(75)
Net Cash Provided (Used) by Operating Activities	(403,550)	81,187
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Gifts, Grants, and Endowments Received	122,830	
Intergovernmental Distributions		
Transfers In	347,393	681
Transfers Out	(1,337)	(7,257)
Proceeds from Bonds, Notes, and Loans	174,316	
Repayments of Bonds, Notes, and Loans	(172,374)	
Interest Payments		
Other Receipts		
Net Cash Provided (Used) by Noncapital Financing Activities	470,828	(6,576)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants and Contributions	20,278	
Proceeds from Bonds and Notes	55,343	
Principal Payments	(57,202)	
Interest Payments	(19,942)	
Proceeds from Disposition of Capital Assets	2	
Acquisition and Construction of Capital Assets	(60,194)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(61,715)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of Interest and Dividends	5,646	12,244
Purchase of Investments	(385,496)	(3,829)
Redemption of Investments	354,528	4,576
Other Investing Activities	(1,278)	
Net Cash Provided (Used) by Investing Activities	(26,600)	12,991
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	(21,037)	87,602
Beginning Cash, Cash Equivalents, and Pooled Cash	248,557	527,152
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 227,520	\$ 614,754
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (489,151)	\$ 70,880
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	65,919	
Maintenance Costs Paid by Department of Public Works	1,570	
Net Changes in Assets and Liabilities:		
Accounts Receivable/Interfund Receivables	10,253	
Inventories and Prepaid Items	(1,707)	
Notes Receivable	671	
Other Assets	(418)	10,469
Accounts Payable/Interfund Payables	(481)	
Unearned Revenue		(19)
Compensated Absences	1,251	
Policy Claim Liabilities		
Other Accrued Liabilities	6,313	(143)
Net Changes in Deferred Outflows/Inflows of Resources	2,230	
Net Cash (Used) by Operating Activities	\$ (403,550)	\$ 81,187

Noncash Transactions (dollars in thousands):

Investments decreased in fair value by \$2,128 for colleges and universities, \$2,974 for Unemployment Compensation, \$2,108 for the Loan Fund, and \$879 for Internal Service funds. Colleges and universities acquired assets of \$33,686 through donations, \$637 through state capital appropriations, a service concession agreement asset of \$34,306, and amortization of deferred amounts on refunding and bond premiums of \$794.

The accompanying notes are an integral part of the financial statements.

Activities - Enterprise Funds			Governmental Activities
Loan	Nonmajor Enterprise Funds	Total	Internal Service Funds
		\$ 164,827	
\$ 3,461	\$ 482,006	957,962	\$ 28,656
	4,815	4,815	350,046
13,949		180,787	140
	(18,008)	(750,455)	(16,616)
(2,639)	(158,983)	(417,839)	(25,444)
(43)	(842)	(885)	(1,505)
	(174,870)	(318,472)	(301,501)
4	3	16,306	8
(940)	(450)	(11,946)	(1,842)
13,792	133,671	(174,900)	31,942
		122,830	
(2,912)	(36,611)	(39,523)	1,742
3,295		351,369	
(1,706)	(85,110)	(95,410)	
		174,316	
		(172,374)	
(1,323)	(121,721)	341,208	1,742
		20,278	
		55,343	
	(88)	(57,290)	(289)
	(7)	(19,949)	(92)
		2	7
(933)	(1,077)	(62,204)	(1,964)
(933)	(1,172)	(63,820)	(2,338)
7,728	296	25,914	2,658
(44,869)		(434,194)	(1,003)
14,299		373,403	196
(1)	(37)	(1,316)	(65)
(22,843)	259	(36,193)	1,786
(11,307)	11,037	66,295	33,132
65,016	75,607	916,332	75,407
\$ 53,709	\$ 86,644	\$ 982,627	\$ 108,539
\$ 15,294	\$ 130,491	\$ (272,486)	\$ 25,129
187	1,172	67,278	1,275
		1,570	
(716)	(878)	8,659	(1,082)
	944	(763)	(254)
		671	
	434	10,485	2,394
(273)	1,786	1,032	344
(700)	264	(455)	845
	30	1,281	(93)
			4,075
	(1,445)	4,725	(691)
	873	3,103	
\$ 13,792	\$ 133,671	\$ (174,900)	\$ 31,942

The Loan Fund had loan forgiveness in the amount of \$2,913 and capitalized interest of \$115. Nonmajor Enterprise funds disposed of an asset at a loss of \$6 and the Internal Service funds at a loss of \$8. Nonmajor Enterprise funds recorded an interfund payable of \$438 due on July 1, 2018, and an interfund transfer of \$619. Nonmajor Enterprise funds proceeds from note payable for \$74. Restated net position by \$488 for the Nonmajor Enterprise funds and by \$367 for the Internal Service funds due to the implementation of GASB Statement No. 75.

The accompanying notes are an integral part of the financial statements.

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust	Agency
ASSETS				
Cash and Cash Equivalents	\$ 4,096	\$ 5,784	\$ 552	\$ 14,420
Pooled Cash and Investments	8,586			29,083
Investments:				
Pooled Short Term	287,556	711,020	12,065	
Fixed Income Investments	4,128,352	1,800,919		428,854
Marketable Securities	10,746,618			
Mutual Funds and Private Equities	2,216,186		433,133	
Mortgages and Real Estate	1,345,380	82,953		
Other Investments	2,052		15,468	
Receivables:				
Investments Sold	76,756		58	
Contributions	4,498			
Interest and Dividends	58,917	5,301		60
Interfund Receivables	2,190			
Other Receivables				57
Other Assets	74,116			
Capital Assets, Net	11,493			
Total Assets	18,966,796	2,605,977	461,276	\$ 472,474
LIABILITIES				
Accounts Payable	709	866	361	
Interfund Payables	2,190			
Due to Other Entities				\$ 2,170
Amounts Held in Trust for Others				471,579
Investments Purchased	176,756		47	
Policy Claim Liabilities	2,302			
Other Accrued Liabilities	12,008	3,782		(1,275)
Total Liabilities	193,965	4,648	408	\$ 472,474
NET POSITION				
Held in Trust For:				
Net Position Restricted for Pensions	18,213,164			
Net Position Restricted for OPEB	556,608			
External Investment Pool Participants		2,601,329		
Trust Beneficiaries	3,059		460,868	
Total Net Position	\$ 18,772,831	\$ 2,601,329	\$ 460,868	

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Pension Trust	Investment Trust	College Savings Private-Purpose Trust
ADDITIONS			
Contributions			
Member	\$ 322,776		
Employer	432,659		
Transfers In from Other Plans	25,570		
Participant Deposits		\$ 5,037,614	\$ 66,210
Total Contributions	781,005	5,037,614	66,210
Investment Income:			
Net Increase (Decrease) In Fair Value of Investments	1,154,133	875	17,051
Interest, Dividends, and Other	391,567	21,284	9,939
Less Investment Expense			
Investment Activity Expense	(49,737)	(364)	
Securities Lending Interest Expense			
Net Investment Income	1,495,963	21,795	26,990
Miscellaneous Income	49		
Total Additions	2,277,017	5,059,409	93,200
DEDUCTIONS			
Benefits and Refunds Paid to Plan Members	1,016,497		
Transfers Out to Other Plans			
Administrative Expense	13,526		1,991
Earnings Distribution		33,196	
Participant Withdrawals	22,521	4,714,763	39,438
Total Deductions	1,052,544	4,747,959	41,429
Change in Net Position Held in Trust for:			
Employee Pension Benefits	1,169,356		
Employee Postemployment Healthcare Benefits	53,391		
External Investment Pool Participants		311,450	
Trust Beneficiaries	1,726		51,771
Net Position - Beginning of Year	17,548,358	2,289,879	409,097
Net Position - End of Year	\$ 18,772,831	\$ 2,601,329	\$ 460,868

Statement of Net Position

Component Units

June 30, 2018

(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
ASSETS				
Cash and Cash Equivalents	\$ 19,654	\$ 19,932		\$ 11,374
Pooled Cash and Investments			\$ 771	
Investments	191,196	236,695	34,380	10,088
Accounts Receivable, Net	27,362	223	403	168
Due from Other Entities				
Inventories and Prepaid Items	329	235		
Due from Primary Government	566,935	198		
Loans, Notes, and Pledges Receivable, Net	577,215	16,541		
Other Current Assets	694	4,027	185	11
Restricted Assets:				
Cash and Cash Equivalents	168,430	41,132		
Investments		319,661		
Capital Assets:				
Nondepreciable	6,019			
Depreciable, Net	47,575	212		
Total Assets	1,605,409	638,856	35,739	21,641
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	38,483			
Total Assets and Deferred Outflows of Resources	\$ 1,643,892	\$ 638,856	\$ 35,739	\$ 21,641
LIABILITIES				
Accounts Payable	\$ 1,044	\$ 3,923		\$ 37
Payroll and Related Liabilities	885			
Unearned Revenue	8,004	1,019		
Amounts Held in Trust for Others	109,144	25,892		
Due to Primary Government		10,172		
Due to Other Entities				
Other Accrued Liabilities	219,712	10	\$ 108	133
Long-Term Liabilities:				
Due Within One Year	94,843	543	1,339	101
Due in More Than One Year	843,807	5,667	3,033	
Total Liabilities	1,277,439	47,226	4,480	271
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	4,363	4,877		
NET POSITION				
Net Investment in Capital Assets	22,595			
Restricted for:				
Debt Service	143,221			
Permanent Trust - Expendable		183,845		
Permanent Trust - Nonexpendable		380,507		
Other Purposes	196,274			21,370
Unrestricted		22,401	31,259	
Total Net Position	362,090	586,753	31,259	21,370
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,643,892	\$ 638,856	\$ 35,739	\$ 21,641

The accompanying notes are an integral part of the financial statements.

Bond Bank Authority	Health Insurance Exchange	Total
	\$ 11,202	\$ 62,162
\$ 312		1,083
		472,359
	1	28,157
	108	672
		567,133
337,673		931,429
3,914		8,831
		209,562
		319,661
	202	6,221
	9,644	57,431
341,899	21,157	2,664,701
		38,483
\$ 341,899	\$ 21,157	\$ 2,703,184
	\$ 319	\$ 5,323
	98	983
		9,023
		135,036
		10,172
\$ 3,914	158	224,035
21,135	74	118,035
316,538		1,169,045
341,587	649	1,671,652
		9,240
	9,846	32,441
		143,221
		183,845
		380,507
		217,644
312	10,662	64,634
312	20,508	1,022,292
\$ 341,899	\$ 21,157	\$ 2,703,184

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenses, and Changes in Fund Net Position

Component Units

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Idaho Housing and Finance Association	College and University Foundation	Petroleum Clean Water Trust	Health Reinsurance
EXPENSES				
Personnel Costs	\$ 14,986	\$ 2,116		
Services and Supplies	15,325	7,337	\$ 1,367	\$ 219
Benefits, Awards, and Premiums	47,063	64,389	2,088	580
Interest Expense	81,662	253		6
Depreciation	3,913	353		
Other Expenses	1,030	644		
Total Expenses	163,979	75,092	3,455	805
PROGRAM REVENUES				
Charges for Services:				
Licenses, Permits, and Fees	38,951		2,537	
Sale of Goods and Services	6,515	113		483
Investment Income	117,274		358	117
Other Income	5,547	18,822		
Operating Grants and Contributions	48,647	94,729		
Total Program Revenues	216,934	113,664	2,895	600
Net Revenues (Expenses)	52,955	38,572	(560)	(205)
GENERAL REVENUES				
Payments from State of Idaho				
Total General Revenues				
Capital Contributions				
Permanent Endowment Contributions		1,776		
Change in Net Position	52,955	40,348	(560)	(205)
Net Position - Beginning of Year, As Restated	309,135	546,405	31,819	21,575
Net Position - End of Year	\$ 362,090	\$ 586,753	\$ 31,259	\$ 21,370

Bond Bank Authority	Health Insurance Exchange	Total
	\$ 3,147	\$ 20,249
\$ 369	5,675	30,292
		114,120
10,255		92,176
	14,475	18,741
45		1,719
10,669	23,297	277,297
369	10,369	52,226
		7,111
10,255	71	128,075
35	6	24,410
	13	143,389
10,659	10,459	355,211
(10)	(12,838)	77,914
		1,776
(10)	(12,838)	79,690
322	33,346	942,602
\$ 312	\$ 20,508	\$ 1,022,292

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Idaho have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting principles.

During fiscal year 2018, the State implemented the following GASB Guidance:

- Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.
- Statement No. 81, Irrevocable Split-Interest Agreements.
- Statement No. 85, Omnibus 2017.
- Statement No. 86, Certain Debt Extinguishment Issues.
- Implementation Guide No. 2017-1, Implementation Guidance Update - 2017.
- Implementation Guide No. 2017-2, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

The financial statements are presented for the fiscal year ended June 30, 2018, except for the Idaho Fish and Wildlife Foundation, the Idaho State Bar, and the Idaho Dairy Products Commission (nonmajor special revenue funds); the Petroleum Clean Water Trust Fund, The Housing Company (THC), the Idaho Individual High Risk Reinsurance Pool, and the Idaho Small Employer Health Reinsurance Program (discretely presented component units); and the State of Idaho Public Employees' Deferred Compensation Plan (pension trust fund), whose statements are for the fiscal year ended December 31, 2017. The Idaho Potato Commission (nonmajor special revenue fund) has a fiscal year that ended August 31, 2017.

A. Reporting Entity

For financial reporting purposes, the State of Idaho's reporting entity includes the primary government and its component units. The primary government includes all funds, departments, agencies, boards, commissions, colleges and universities, and authorities that are considered an integral part of the State. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if the State appoints a voting majority of the organization's governing board and either 1) is able to impose its will on the

organization or 2) a potential exists for the organization to provide financial benefits to, or impose financial burdens on, the State.

For those entities for which the State does not appoint a voting majority of the governing body, inclusion of the entity is required if the organization is fiscally dependent on the State. Component units also include legally separate and tax-exempt organizations whose economic resources directly benefit the State, the State is entitled to or has the ability to access those resources, and the resources are significant to the State.

Blended Component Unit

Blended component units are legally separate from the State but are so intertwined with the State that they are, in substance, the same as the State. The component units are reported as part of the primary government and blended into the appropriate funds.

The *Fish and Wildlife Foundation* was established to preserve and sustain Idaho's fishing, hunting, and wildlife heritage. The Foundation finances construction of offices and relies on the State's leasing agreements, resulting in a significant financial benefit/burden relationship. The Foundation is blended as a nonmajor special revenue fund within the Fish and Game fund. The Foundation's financial statements may be obtained from the following address: Idaho Fish & Wildlife Foundation, 600 S. Walnut St. Boise, ID 83707.

The *Idaho State Building Authority* was created by Idaho Code Section 67-6403 to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. The Authority relies on the State's leasing agreements, resulting in a significant financial benefit/burden relationship. The Authority provides services to the State of Idaho and some community colleges. The Authority is blended as a nonmajor special revenue fund. The Authority's financial statements may be obtained from the following address: Idaho State Building Authority, 950 W. Bannock St, Suite 490, Boise, ID 83702.

Discretely Presented Component Units

Discretely presented component units are reported in a separate column on the government-wide statements to emphasize that they are legally separate from the primary government. Information regarding the State's discretely presented component units and contact information to obtain their financial reports follow.

The *Idaho Housing and Finance Association* fund includes the Association and its component unit, The Housing Company, which was established to support the function and activities of the Association. The Association was created by Idaho Code Section 67-6202 for the purpose of

building and rehabilitating residential housing for persons of low income. The Association is authorized to enter into agreements that include issuing bonds for the Idaho Transportation Department to facilitate transportation projects, thereby creating a financial benefit/burden relationship. The Governor appoints the Association board members. (<https://www.idahohousing.com/investors/>)

The *College and University Foundation* fund includes the foundations of Boise State University (BSU), Eastern Idaho Technical College (EITC), Idaho State University (ISU), Lewis-Clark State College (LCSC), and the University of Idaho (UI). The foundations were established for the purpose of soliciting donations in support of the growth and development of the colleges' and universities' programs and activities. Gifts and contributions are held, protected, managed, and invested for the exclusive benefit of the respective colleges and universities.

Boise State University Foundation, Inc.

<http://giving.boisestate.edu/>

Eastern Idaho Technical College Foundation, Inc.

<https://ceigiving.org>

Idaho State University Foundation, Inc.

<https://www.isu.edu/foundation/about/financial-statements/>

Lewis-Clark State College Foundation, Inc.

<http://www.lcsc.edu/giving/>

University of Idaho Foundation, Inc.

<http://www.uidaho.edu/uidahofoundation/financial-highlights>

The *Idaho Petroleum Clean Water Trust Fund* was created by Idaho Code Section 41-4905 to provide pollution liability insurance for eligible owners and operators of petroleum storage tanks. The Governor appoints the members of the board and the State approves, and may modify, the Fund's plan of operation. The Legislature sets the fees charged for enrollment in the Fund and imposes a transfer fee on petroleum products. Thus, the State has the ability to impose its will on the Fund. Financial statements may be obtained from the following address: Idaho Petroleum Clean Water Trust Fund, P.O. Box 83720, Boise, ID 83720.

The *Health Reinsurance* fund includes the Idaho Individual High Risk Reinsurance Pool created, by Idaho Code Section 41-5502, and the Idaho Small Employer Health Reinsurance Program created by Idaho Code Section 41-4711. The Pool and the Program, are intended to promote the availability of health insurance coverage, regardless of health or claims experience. The Pool and Program provide a safety net to carriers in the form of a risk pool and reinsurance mechanism to facilitate the guaranteed

issue of standardized state-approved health benefit plans. The Pool and the Program operate subject to the supervision and control of the same ten-member board, a majority of which is appointed by the director of the Department of Insurance. The Pool is partially funded through state premium tax revenue, creating a financial burden for the State. Financial statements may be obtained from the following address: Idaho Individual High Risk Reinsurance Pool, Idaho Small Employer Health Reinsurance Program, 3449 East Copper Point Drive, Meridian, ID 83642.

The *Idaho Bond Bank Authority* was created by Idaho Code Section 67-8703 authorizing the Authority to issue bonds to make loans to municipalities for infrastructure. The Authority can obtain better credit ratings, better interest rates, and lower underwriting costs than municipalities can achieve individually. The Authority is administered by a five-member board, of which two members are appointed by the Governor and three are elected officials. The Authority can obligate sales tax revenue as a source of payment or security for bonds issued, which imposes a potential direct financial burden on the State. (<http://sto.idaho.gov/Debt-Management/Idaho-Bond-Bank-Authority-IBBA>)

The *Idaho Health Insurance Exchange* was created by Idaho Code Section 41-6104 with the purpose to establish a state-created, market-driven, health insurance exchange that will facilitate the selection and purchase of individual and employer health benefit plans. The Exchange is financially self-supporting and does not request financial support from the State. The Exchange is administered by a 19-member board with 17 total voting members. Of the 17 voting members, 14 are appointed by and serve at the pleasure of the Governor. The Director of the Department of Insurance shall review and approve all bylaws for the regulation and conduct of business of the Exchange. Financial statements may be obtained from the following address: Your Health Idaho, P.O. Box 943, Boise ID 83701.

Related Organizations

The *State Insurance Fund*, created by Idaho Code Section 72-901, and the *Idaho Health Facilities Authority*, created by Idaho Code Section 39-1444, are related organizations for which the State is not financially accountable although the State appoints a voting majority of the organizations' boards. The financial reports of these organizations are excluded from the State's financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Statements

The *Statement of Net Position* and *Statement of Activities* report information on non-fiduciary activities of the primary government and its component units. Primary

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

government activities distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal service funds are included with governmental activities in the government-wide statements and are included with the proprietary funds in the fund statements.

The *Statement of Net Position* presents the State's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with assets plus deferred outflows of resources minus liabilities and deferred inflows of resources reported as net position.

The *Statement of Activities* demonstrates the degree to which the direct expenses of governmental functions, business-type activities, and component units are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific governmental function, business-type activity, or component unit. Revenues are broken out by program and general designations. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, activity, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues display the extent to which programs are self-funded. The difference between direct expenses and program revenue displays the net cost of the function to be financed from the State's general revenues. Taxes and other revenue sources that are not attributable to specific programs are shown as general revenues.

State agencies share the cost of some centralized services. These administrative overhead charges are reported as direct program expenses of each of the various functions. Certain indirect costs are paid by the general government function and are not allocated to the other governmental functions.

Fund Statements

Separate fund financial statements are presented for the governmental, proprietary, and fiduciary funds. The emphasis in the fund statements is on major funds. Major governmental and business-type funds are reported as separate columns in the fund statements. The remaining governmental and business-type funds are considered to be nonmajor funds and are consolidated in a nonmajor funds column. The nonmajor funds are displayed individually in combining statements.

The State reports the following major governmental funds:

The *General Fund* is the State's primary operating fund. It accounts for services that include general government,

public safety and correction, health and human services, education, economic development, and natural resources. The General Fund includes all financial resources of the general government except those accounted for in another fund.

The *Health and Welfare* special revenue fund accounts for resources primarily from federal grants that are used for public assistance, medical care, foster care, and other relief for eligible citizens of Idaho.

The *Transportation* special revenue fund accounts for resources primarily from federal grants, fuel taxes, and registration fees that are used for administration, construction, and maintenance of the state highway and aviation systems.

The *Land Endowments* permanent fund manages and invests the revenues generated from the sale or lease of lands granted from the federal government under the Idaho Admission Act.

The State reports the following major proprietary funds:

The *College and University* fund accounts for resources used by the State's system of higher education.

The *Unemployment Compensation* fund accounts for resources used to provide unemployment benefits to eligible unemployed workers.

The *Loan* fund accounts for loans to make improvements to irrigation, wastewater, and drinking water systems.

Additionally the State reports the following fund types:

Governmental Fund Types

Special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *capital projects fund* accounts for financial resources that are restricted, committed, or assigned to finance construction of transportation infrastructure.

Permanent funds account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support certain state programs.

Proprietary Fund Types

Enterprise funds account for governmental operations that function in a manner similar to private business enterprises. The intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal service funds account for a variety of independent operations that provide goods or services to other state agencies or governmental units on a cost-reimbursement basis. Internal service fund activities of

the State include health, disability, property, liability, and other types of insurance; data processing services; and other general services such as facilities rentals.

Fiduciary Fund Types

Pension (and other employee benefits) trust funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plans, deferred compensation plan, and other employee benefits. Complete financial statements of the State of Idaho Public Employees' Deferred Compensation Plan may be obtained by writing to the Idaho State Controller's Office, Attn: Brandon Woolf, P.O. Box 83720, Boise, ID 83720-0011.

Investment trust funds account for external participants' investments with the State's Local Government Investment Pool and Diversified Bond Fund.

The *private-purpose trust fund* accounts for resources held in trust by the Idaho College Savings Program; the principal and interest benefit individuals. Complete financial statements may be obtained by writing to IDEAL – Idaho College Savings Program, P.O. Box 219944, Kansas City, MO 64121.

The *agency fund* accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for resources collected or held by the State, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries. These resources include deposits of securities by banks and insurance companies.

Classification of Revenues and Expenses of Proprietary Funds

Operating and non-operating revenues and expenses are presented separately on the operating statements. Operating transactions generally occur if they directly result from the provision of goods or services to customers or are otherwise directly related to the principal and usual activity of the fund. All other revenues and expenses are reported as non-operating.

Reconciling Government-Wide Statements to the Fund Statements

The governmental fund statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include the two differing measurement focuses and bases of accounting between the statements and the inclusion of internal service funds with governmental activities on the government-wide statements.

The proprietary fund statements include a reconciliation

between the fund statements and the government-wide statements for internal service fund activity that is included in the enterprise fund statements but eliminated in the government-wide statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. The Agency fund reports only assets and liabilities using the accrual basis of accounting; they have no measurement focus.

Reimbursements are eliminated in the government-wide Statement of Activities to reduce the grossing-up effect of internal transactions. Reimbursements are repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements include payments for maintenance and construction projects, federal grant pass-throughs from one state agency to another, insurance premiums, technical services, and the allocation of central human resource costs to all agencies.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers revenues to be available if they are collected within 60 days of the end of the fiscal period. Significant revenue sources susceptible to accrual include sales tax, individual and corporate taxes, motor fuel taxes, and federal grants. Licenses, permits, fees, and other miscellaneous revenues, which are derived from an underlying transaction, are recognized when received since they are normally only measurable at that time. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded when paid.

The State reports only enterprise funds as business-type activities. The business-type activities follow all current GASB pronouncements.

THC and the foundations of BSU, EITC, ISU, and Fish and Wildlife Foundation issue financial statements in

Notes to the Financial Statements**For the Fiscal Year Ended June 30, 2018**

accordance with generally accepted accounting principles for not-for-profit organizations. The Idaho Petroleum Clean Water Trust Fund issues statutory basis financial statements. The financial statements and note disclosures of THC, these foundations, and the Idaho Petroleum Clean Water Trust Fund have been reformatted to comply with GASB requirements.

D. Financial Statement Elements**Assets***Cash and Cash Equivalents*

Cash and Cash Equivalents consist of bank accounts; petty cash; cash in transit; money market accounts; FDIC insured nonnegotiable certificates of deposit; and short-term, highly-liquid investments with a maturity of three months or less from the date of acquisition.

Pooled Cash and Investments

Cash balances of most funds are deposited with the State Treasurer's Office (STO). Balances not required to meet immediate needs are pooled in an internal investment pool. Idaho Code Sections 67-2725 through 67-2749 and Sections 67-1210, 67-1210A, and 67-1210B govern STO deposit and investment policies for the pooled balances. See Note 2 for more information.

Investments

The State reports most investments at fair value based on published market prices and quotations from investment brokers. Investments held in lieu of surety deposits, which are not held for investment purposes, are carried at historical cost in the State's agency fund. Certain entities disclosed in Note 2 report money market investments and other highly liquid investments with a remaining maturity of one year or less at the time of purchase using amortized cost. See Note 2 for more information.

Receivables, Net

Receivables in the General Fund consist primarily of income and sales taxes. Special revenue fund receivables consist primarily of federal health, education, and transportation grants, fuel taxes, and vendor receipts. Proprietary fund receivables consist mainly of loans, unemployment assessments, and student tuition and fees. Fiduciary fund receivables consist primarily of investments sold in the pension trust funds. The receivables are disaggregated on the financial statements. See Note 5 for more information on noncurrent receivables.

Internal Balances

Interfund receivables and payables consist of unpaid balances for goods and services provided by one fund to another and for certain statutorily required transfers due at year-end. Interfund goods and services provided are reported as revenues in seller funds and expenditures or

expenses in purchaser funds. These balances are generally short-term receivables and payables. See Note 4 for interfund schedules and any receivables not expected to be collected within one year. Interfund receivable and payable balances and activity have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities, which are shown as Internal Balances.

Inventories and Prepaid Items

Inventory consists of materials and supplies that will be consumed within a year. Governmental and proprietary fund-type inventories of supplies and materials are valued at cost, which approximates market value, generally using the first-in, first-out method. Prepaid expenses represent amounts paid in the current period for services that will benefit future periods. Inventory and prepaid expenses are accounted for using the consumption method.

Other Assets

Other assets include interest receivable, and other miscellaneous items.

Restricted Assets

Assets are reported as restricted when constraints on asset use are imposed by constitutional provisions, enabling legislation, or external parties; and the constraints change the nature or normal understanding of the availability of the asset. See Note 2 for more information.

Capital Assets, Net

Capital assets include land, improvements to land, land use rights, buildings, improvements to buildings, machinery, equipment, software, historical art and collections, capital assets in progress, all infrastructure regardless of acquisition date, and other tangible or intangible assets used in operations. Tangible assets with a value of \$5,000 or more and intangible assets with a value of \$200,000 or more, and a useful life of more than one year are capitalized. The costs of normal repairs and maintenance that do not add to the asset's functionality or materially extend an asset's useful life are not capitalized. Interest expense related to capital asset construction is capitalized for enterprise funds.

Capital assets are reported at cost or estimated historical cost, if actual cost is not available. In cases where historical cost is not available, assets are valued using comparable assets indexed forward or backward with the Consumer Price Index. Donated capital assets are reported at their acquisition value at the date of donation. Endowment land originally granted to the State by the federal government is reported at one dollar per acre.

Capital assets are depreciated or amortized with the exception of roads, rights-of-way, land, capital assets in progress, historical art and collections, and certain intangible assets with an indefinite useful life. Depreciation and amortization are recorded as depreciation expense. For

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

all depreciable major asset classes, depreciation and amortization are calculated on a straight-line basis over their estimated useful lives, as follows:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements to Buildings	30 - 50
Improvements Other Than Buildings	5 - 50
Machinery, Equipment, and Other	3 - 40
Infrastructure – Bridges	75
Infrastructure – Other	30 - 50

Roads are not depreciated but rather are accounted for under the modified approach. The modified approach recognizes that this class of infrastructure will be indefinitely maintained at a certain condition level and as such does not have a limited lifespan. Costs to maintain the roads at the set condition levels are expensed rather than capitalized, unless the road's service potential is increased or additions are made. The Idaho Transportation Department has the responsibility for determining and assessing the condition levels, maintaining the inventory of roads, and making annual estimates of costs to maintain the roads. Further information regarding infrastructure can be found in the Required Supplementary Information.

Historical art and collections include historical artifacts, documents, rare books, paintings, portraits, state capitol-related artifacts, furnishings, films, statues, and monuments. Some of the State's historical art and collections have not been capitalized because they are preserved and protected for public display, education, or research. The proceeds from the sales of collection items are used to acquire other items for the collection. Historical art and collections already capitalized at June 30, 1999 have remained capitalized even if they meet the conditions for exemption from capitalization.

Intangible assets acquired in fiscal years ending after June 30, 1980, and not previously capitalized, are retroactively reported as of July 1, 2009. Some intangible assets with indefinite useful lives as of July 1, 2009, and some internally generated intangible assets created prior to or in progress as of July 1, 2009, were retroactively reported if appropriate historical costs were determinable.

See Note 6 for more information on capital assets.

Deferred Outflows of Resources

Deferred outflows of resources consist of costs related to debt defeasance and decreases in the amortized value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as a decrease of investment income. Deferred outflows of resources also consist of pension and other postemployment benefit contributions made subsequent to the actuarially-determined pension liability

measurement date and the State's proportionate share of the total pension and other postemployment benefit related deferred outflows of resources

See Notes 7, 8, and 9 for more information.

Liabilities

Payables

Payables in the General Fund consist primarily of sales taxes due to local governments and vendor obligations. Payables in the special revenue funds relate primarily to vendor obligations, fuel taxes to be distributed to local governments, and Medicaid. Medicaid Payable includes the amount the State expects to pay within 60 days of fiscal year end. The remaining amount, estimated Medicaid claims expected to be presented within the next year, is reported as Claims and Judgments within the Long-Term Liabilities due within one year on the government-wide Statement of Net Position. Proprietary fund payables consist mostly of payroll liabilities and vendor obligations. The pension trust fund payable is comprised primarily of investments purchased by the Public Employee Retirement System of Idaho.

Unearned Revenue

Unearned revenue is recorded when cash is received prior to being earned.

Amounts Held in Trust for Others

Amounts held in trust for others consist of cash or other assets held for an individual or entity until certain conditions of an agreement are met, at which time the asset is returned to the owner. Occasionally the owner may default on the conditions; at that time, the asset held in trust becomes the property of the State and revenue is recorded.

Other Accrued Liabilities

Other accrued liabilities primarily consist of interest payable and other miscellaneous liabilities.

Long-Term Liabilities

Government-wide and proprietary financial statements report long-term obligations as liabilities, with the portion payable within 12 months designated separately from the portion payable in more than 12 months. Long-term liabilities include the following:

Bonds and Notes Payable consists of bonds and notes issued for the construction or acquisition of facilities and for funding various projects. Bond premiums and discounts are deferred and amortized over the life of the loan. See Note 13 for more information.

Capital Leases Payable consists of lease contracts that transfer substantially all of the benefits and risks of ownership of property to the State. See Note 11 for more information.

Compensated Absences Payable includes vacation and

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

compensatory time earned by employees but not paid. See Note 13 for more information.

Policy Claim Liabilities includes amounts for probable claims that have been incurred and the amount of the loss that has been reasonably estimated. See Notes 10 and 13 for more information.

Other Long-Term Liabilities consists of payables on behalf of the State and its agencies for various legal proceedings and claims, a net pension liability, other postemployment benefit liability, and other miscellaneous liabilities. See Notes 8, 9, and 13 for more information.

Deferred Inflows of Resources

Deferred inflows of resources consists of unavailable revenue, which is revenue that has been earned but is not available within 60 days, government mandated nonexchange transactions, the State's proportionate share of the total pension and other postemployment benefit related deferred inflows of resources, and increases in the fair value of hedging derivative instruments to be recognized in a future period. At the time that the instrument is terminated, the amount will be reported as an increase of investment income. See Notes 7, 8, and 9 for more information.

E. Net Position / Fund Balance**Net Position**

Net position is the difference between assets and deferred outflows of resources minus liabilities and deferred inflows of resources on the government-wide, proprietary, and fiduciary fund financial statements.

Net position is displayed in the following three categories:

Net Investment in Capital Assets consists of capital assets net of accumulated depreciation, deferred outflows of resources, deferred inflows of resources, and reduced by outstanding related debt.

Restricted Net Position results when third parties, constitutional provisions, or enabling legislation impose constraints on net position use. The State does not have a policy regarding the preferred first usage of unrestricted or restricted net position. Expense allocation decisions are made on a program-by-program basis when both restricted and unrestricted net positions are available.

Unrestricted Net Position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position may have constraints or designations placed upon them by management, which can be unilaterally removed.

Fund Balance

Fund balance is the difference between assets and liabilities on the governmental fund financial statements. The Legislature approves appropriations for State agencies and in so doing specifies the funding sources and the order in which restricted, committed, assigned, or unassigned fund balances are spent. Fund balances are classified in the following five categories:

Non-spendable fund balances consist of amounts that cannot be spent because they are in non-spendable form, such as inventories, prepaid items, and long-term receivables; or they are legally or contractually required to be maintained intact, such as the corpus of the permanent fund.

Restricted fund balances consist of amounts that are constrained by either external parties or imposed by law through constitutional provisions or enabling legislation and can only be used for specific stated purposes.

Committed fund balances consist of amounts that are constrained by statutes enacted by the Legislature and approved by the Governor. The committed amounts cannot be used for any other purposes unless subsequent legislation changes or removes the specified purposes. The legislation that constrains the use of the resources is separate from the authorization to raise the underlying revenue.

Assigned fund balances consist of amounts that are constrained by the Legislature's or agency director's intent to be used for specific purposes and are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

See Note 14 for more information.



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 2. DEPOSITS, INVESTMENTS, AND RESTRICTED ASSETS

A. Deposits

Cash and cash equivalents are deposited with various financial institutions. Legal provisions regarding deposits are found throughout Idaho Code Title 67. The State Treasurer's Office (STO) acts as the State's bank, receiving and disbursing all moneys except for the following: the State Bar, the Potato Commission, the Dairy Products Commission, the Wheat Commission, some of the endowment fund accounts, the Idaho Fish and Wildlife Foundation, the Idaho State Building Authority, some of the colleges' and universities' accounts, the Idaho Housing and Finance Association, the college and university foundations, the Idaho Individual High Risk Reinsurance Pool, the Idaho Small Employer Health Reinsurance Program, the Idaho Bond Bank Authority, the Idaho Health Insurance Exchange, some of the Public Employee Retirement

System of Idaho accounts, and the Idaho Public Employees' Deferred Compensation Plan. In accordance with Idaho Code Sections 67-1210 and 67-1210A, the STO invests the pooled cash not needed to meet immediate obligations in various types of investments. The pool balances are available on demand to the participants. Interest received on the pooled cash and investments is paid into the General Fund, unless Idaho statute requires allocation of interest to specific funds. The weighted average maturity of the pooled cash and investments held by the STO was 1.5 years.

Custodial credit risk is the risk that in the event of a financial institution failure, the State's deposits may not be returned. The State does not have a formal policy to address custodial credit risk.

Custodial Credit Risk at June 30, 2018

(dollars in thousands)

	Governmental and Business-Type Activities	Fiduciary Funds	Component Units
Bank Value of Deposits	\$ 219,671	\$ 88,377	\$ 254,342
Uninsured and Uncollateralized Deposits	157,143	28,730	21,716
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution	49,709		3,601
Uninsured Deposits Collateralized with Securities Held by the Pledging Financial Institution's Trust Department or Agent, but not in the State's Name	1,564		

Notes to the Financial Statements**For the Fiscal Year Ended June 30, 2018****B. Investments*****General Investment Policies***

The Idaho Uniform Prudent Investor Act (Idaho Code Sections 68-501 through 68-514) stipulates the standard to be followed by state investment personnel. The primary focus of the Act is preservation of capital and avoidance of speculative transactions through exercise of reasonable care, skill, and caution. The goal is to provide a reasonable return while following specific objectives of various trusts. The Act may be expanded, restricted, eliminated, or altered by provisions of Idaho statute or a trust.

The STO invests idle moneys in accordance with Idaho Code Sections 67-1210, 67-1210A, and 67-2739. Unsettled trades receivable consisting of \$3.1 million in U.S. government, U.S. government agency, and U.S. government agency mortgage-backed securities are subject to interest rate risk, credit risk, and concentration of credit risk.

Some investments are made directly by an agency rather than by the STO. Only a few agencies are authorized to make such investments and then only for specific programs. Investments are valued as described in Note 1.

Internal participant funds of the investment pools generally receive income from investments generated by their participation in the external investment pools, with the exception of the Unemployment Compensation enterprise fund. The investment income from that fund is assigned to the miscellaneous Special Revenue fund per Idaho Code Section 72-1347A.

Types of Investments

Idaho Code Section 67-1210 authorizes the STO and agencies with investment authority to make direct investments in the following types of investments:

- U.S. government obligations, which pledge the full faith and credit of the U.S. government
- General obligation or revenue bonds of the State or any Idaho county, city, or taxing district
- Obligations issued under the Farm Credit Act of 1971; obligations issued by the Federal National Mortgage Association and the Federal Home Loan Bank; and obligations issued or guaranteed by other agencies or instrumentalities of Idaho or of the United States, including the U.S. Small Business Administration guaranteed portion of any approved loan by an Idaho banking corporation and by the STO
- Obligations issued by public corporations of the State
- Repurchase agreements covered by any legal investment

for the State

- Tax and revenue anticipation instruments of the State or Idaho taxing districts
- Time deposit and savings accounts in state depositories, state and federal savings and loan associations, or state and federal credit unions located within the boundaries of Idaho
- Revenue bonds of Idaho higher education institutions
- Money market funds whose portfolios consist of investments specified in this section and are denominated in U.S. dollars

Idaho Code Section 67-1210A authorizes the STO to enter into the following additional types of transactions:

- Prime banker's acceptances and prime commercial paper
- Sale and repurchase of call options on securities owned by the STO or the Local Government Investment Pool
- Bonds, notes, and debentures of any U.S. corporation with at least an A rating, at the time of purchase, by a nationally recognized statistical rating organization such as Standard & Poor's or Moody's

The STO manages two external investment pools, the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). In order to earn a higher yield, Idaho governmental entities may voluntarily deposit moneys not needed to meet immediate operating obligations in these pools. The STO must operate and invest the funds of both pools for the benefit of the participants. Separately issued financial reports for LGIP and DBF may be obtained from the State Treasurer's Office, P.O. Box 83720, Boise, Idaho 83720-0091.

The Endowment Fund Investment Board (EFIB) manages investments of Idaho's permanent fund, the Land Endowments fund. Idaho Code Section 57-720 gives the EFIB the authority to formulate investment policies of the permanent endowment fund and earnings reserve funds. Idaho Code Section 57-723 stipulates that the EFIB and its investment managers are governed by the Idaho Uniform Prudent Investor Act and the Idaho Constitution. In addition to the investment types mentioned previously, the EFIB has approved the following types of investments:

- Collateralized mortgage obligations
- Domestic and international equities
- Non-investment grade bonds
- Exchange-traded funds
- Financial index futures, options, and certain derivatives as approved by the EFIB

The Retirement Board of the Public Employee Retirement System of Idaho (PERSI) has established a Statement of

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Investment Policy in accordance with Idaho Code Sections 68-501 through 68-514 and Sections 59-1301 through 59-1399. In addition to the investments mentioned above for the STO and the EFIB, the following types of investments are approved for PERSI funds:

- Derivative instruments, specifically, swaps and forward foreign currency contracts by a few selected managers
- Private equity real estate investments in open-end and closed-end commingled real estate funds, direct real estate, publicly traded real estate investment trusts (REITs), passive REIT index funds, and other public real estate companies, private real estate companies, and real estate operating venture entities
- Alternative investments upon the recommendation of a

qualified consultant after due diligence and with approval by the Board or subcommittee appointed by the Board

Fair Value of Investments

GASB Statement No. 72, Fair Value Measurement and Application, defines the generally accepted accounting principles required for fair value reporting. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following tables display the fair value of the state's investments at June 30, 2018:

Primary Government and Fiduciary Funds Fair Value of Investments at June 30, 2018 (Except Endowment Funds and PERSI) (dollars in thousands)									
Investment Type	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value	Net Asset Value (NAV)	Amortized Cost	Not Rated	Total	Valuation Technique
Debt Securities:									
Money Market Funds	\$ 24,639	\$ 3,549		\$ 28,188			\$ 9,385	\$ 37,573	Market
Certificates of Deposit		5,000		5,000		\$ 101		5,101	Cost
Certificates of Deposit	4,221	6,306		10,527				10,527	Market
Repurchase Agreements		563,814		563,814				563,814	Cost
Commercial paper		506,233		506,233				506,233	Market
U.S. Gov't Obligations		1,914,958		1,914,958			416,770	2,331,728	Market
U.S. Gov't Agency Obligations	17,760	1,189,218		1,206,978			880	1,207,858	Market
U.S. Gov't Agency Mortgage-Backed Securities*		410,109		410,109				410,109	Market
Asset-Backed Securities*		330,156		330,156				330,156	Market
Commercial Mortgages*		8,007		8,007				8,007	Market
Corporate Obligations		814,426		863,815				863,815	Market
Municipal and Public Entity Obligations		1,041		1,041			12,084	13,125	Market
Bond Mutual Funds and Other Pooled Fixed-Income Securities	455,401	31,884		487,285				487,285	Market
External Investment Pools						2,406		2,406	Cost
External Investment Pools							95,238	95,238	Market
Total Debt Securities	502,021	5,784,701		6,336,111		2,507	534,357	6,872,975	
Other Investments:									
Mutual Funds Without Maturity Dates	701			701				701	Market
Equity Securities and Mutual Funds	330,093			330,093				330,093	Market
Real Estate and Perpetual Trusts					\$ 6,713			6,713	Cost
Real Estate and Perpetual Trusts		569		569				569	Market
Commodities		1,061		1,061				1,061	Market
Sallie Mae High-Yield Savings Account							15,468	15,468	Market
Total	\$ 832,815	\$ 5,786,331	\$ 0	\$ 6,668,535	\$ 6,713	\$ 2,507	\$ 549,825	\$ 7,227,580	

*Securities are reported using weighted-average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Endowment Funds Fair Value Measurements at June 30, 2018			
Investments and Derivative Instruments Measured at Fair Value at June 30, 2018			
(dollars in thousands)			
	June 30, 2018 (value before accruals)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level			
<u>Debt Securities:</u>			
Asset-Backed Securities	\$ 2,169		\$ 2,169
Commercial Mortgage-Backed Securities	5,848		5,848
Corporate Bonds	119,415		119,415
Government Agencies	20,129		20,129
Government Bonds	182,815		182,815
Government Agency Mortgage-Backed Securities	132,912		132,912
Govt-Issued Commercial Mortgage-Backed	3,434		3,434
Index-Linked Government Bonds	83,434		83,434
Municipal/Provincial Bonds	4,321		4,321
Total Debt Securities	554,477		554,477
<u>Equity Securities:</u>			
Consumer Discretionary	178,645	\$ 178,645	
Consumer Staples	96,534	96,534	
Energy	79,693	79,693	
Financials	225,684	225,684	
Health Care	187,091	187,091	
Industrials	176,263	176,263	
Information Technology	301,896	301,896	
Materials	76,314	76,314	
Other	1	1	
Real Estate	33,856	33,856	
Telecommunication Services	29,661	29,661	
Utilities	23,622	23,622	
Equity ETFs	1,581	1,581	
Total Equity Securities	1,410,841	1,410,841	
<u>Derivatives:</u>			
Futures Contracts	(210)	(210)	
<u>Preferred Stock Securities:</u>			
Consumer Staples	848	848	
Consumer Discretionary	2,535	2,535	
Energy	149	149	
Financials	509	509	
Health Care	15	15	
Information Technology	2,325	2,325	
Materials	37	37	
Other	43	43	
Total Preferred Stock Securities	6,461	6,461	
Total Investments by Fair Value Level	1,971,569	1,417,092	554,477
Investments Measured at Amortized Cost			
Money Market Fund	58,513		
Investments Measured at the Net Asset Value (NAV)			
Real Estate Investment Trust (private)	163,477		
Total Investments Measured at Fair Value	\$ 2,193,559		

The EFIB has two real estate funds, UBS TPI and DB RAR II, reported at Net Asset Value (NAV) and invested primarily

in U.S. commercial real estate. The fair value of the investment in this type has been determined using the NAV

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

per share (or its equivalent) in accordance with accounting principles generally accepted in the United States, NCREIF Real Estate Information Standard, and market-based accounting rules where appropriate and applicable. NAV is based on the fund's gross asset value less the value of any debt or other outstanding liabilities, whether held directly

or indirectly through another entity or entities, anticipated distributions and similar items, as determined by the Advisor at its discretion.

PERSI Fair Value Measurements at June 30, 2018					
Investments and Derivative Instruments Measured at Fair Value at June 30, 2018					
(dollars in thousands)					
Investment Type	Fair Value at June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Valuation Technique
Short Term Securities	\$ 105,079	\$ 25,072	\$ 80,007		Market
<u>Fixed Income Securities:</u>					
U.S. Government	2,593,155	2,572,837	20,318		Market
Asset backed-Securitized	408,337		407,785	\$ 553	Market
Corporate	921,721		921,721		Market
Idaho Mortgages	708,719		708,719		Market
Non-U.S. Government	128,594		128,594		Market
Total Fixed Income Securities	4,760,526	2,572,837	2,187,137	553	
<u>Equities:</u>					
Domestic	6,482,873	6,482,666		207	Market
Developed Markets	2,843,148	2,841,404		1,744	Market
Emerging Markets	1,408,980	1,398,082		10,898	Market
Total Equities	10,735,001	10,722,152		12,849	
<u>Other Investments:</u>					
Preferred Securities	101,356	87,231	2,745	11,380	Market
Convertible or Exchangeable Securities	151		151		Market
Futures	724	723			Market
Mutual Funds-Defined Contribution Investment Options	78,402	78,402			Market
Total investments by fair value level*	\$ 15,781,239	\$ 13,461,345	\$ 2,270,040	\$ 24,782	
* The Total Return Fund and Short Term Investment Portfolio are unitized Defined Contribution investment options included with the Equity and Fixed Income totals above.					
Investments measured at the net asset value (NAV)	Fair Value at June 30, 2018	Unfunded Commitments	Redemption Frequency	Redemption Notice	
<u>Private Equity Partnerships:</u>					
Growth Equity	\$ 12,708	\$ 1,482			
Corporate Finance/Buyout	810,555	438,354			
Distressed Debt	25,117	25,145			
Co/Direct Investment	66,070	52,455			
Secondaries	32,254	46,544			
Venture Capital	116,697	16,148			
<u>Private Real Estate:</u>					
Open Ended Co-mingled Insurance Company Separate	64,767				
Affordable Housing	9,644				
Multifamily properties (Olympic)	67,119				
Value Added Apartments	178,053				
Value Added Offices	26,367				
Value Added Retail	42,941				
Office/Industrial Properties	183,229				
Core Office	36,826				
Industrial	43,241				
Development Properties	53,395				
<u>Collective Funds:</u>					
REIT Index Collective Fund	2,701		Daily	4pm EST	
TIPS Index Collective Fund	968		Daily	4pm EST	
US Broad Equity Market Index Collective Fund	12,169		Daily	4pm EST	

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Emerging Equity Market Index Fund	2,203	Daily	4pm EST
US Large Cap Equity Market Index Collective Fund	30,139	Daily	4pm EST
US Bond Market Index Collective Fund	11,796	Daily	4pm EST
International Equity Index Collective Fund	8,125	Daily	4pm EST
US Small/Midcap Equity Index Collective Fund	19,470	Daily	
<u>Sick Leave Insurance Reserve Trust Fund:</u>			
Russell 3000 Index Co-Mingled Fund	291,360	Daily	Trade date less 2 days
Government Credit Bond Index Co-Mingled Fund	152,493	Daily	Trade date less 2 days
MSCI ACWI Ex-US Strategy Co-mingled Fund	74,326	Thrice-Monthly	Trade date less 2 days
Total investments measured at the NAV	2,374,733		
Total investments measured at fair value	\$ 18,155,972		

The PERSI has the following investments reported at Net Asset Value (NAV):

- Private Equity Partnerships are reported at the NAV and include limited partnerships invested in the following strategies: Growth Equity, Corporate Finance/Buyout, Distressed Debt, Co/Direct Investments, Secondaries, and Venture Capital. Fair value is obtained by using a valuation provided by the General Partner, adjusting for interim cash flows and rolling forward to the measurement date of the Plan. A gatekeeper is used to monitor values, cash flows, and provide due diligence for new investments. The fair values presented may differ from actual amounts realized from these investments. On average, distributions received through the liquidation of underlying assets/investments can occur over the span of 5-15 years.
- Private Real Estate are investments owned directly or with other partnership interests and are in several general categories to include Affordable Housing, Multifamily properties, Value added apartments, Office/Industrial Properties, and Development Properties and are listed with investments measured at the NAV. Each property in the Portfolio is externally appraised at a minimum every year. Appraisals are completed by third-party MAI certified appraisers. For properties not subject to an external appraisal during a quarter, internal valuations are completed by AEW (the Plan's private real estate consultant) (or Pinnacle and reviewed by AEW), based on updated operational performance at the subject property and any relevant sale comparable. A discounted cash flow analysis is utilized to determine asset value. Prior to finalizing the values, Altus (an independent

professional advisory with expertise in appraisals) reviews every valuation quarterly and communicates its questions/findings to AEW before approval. The valuation of the Affordable Housing properties is calculated by a third party valuation and accounting specialist in the affordable housing industry once a year at December 31st. Development properties are initially valued at their accumulated cost amounts until completion, upon which an appraisal is done. Prudential is an open ended co-mingled insurance company separate account comprised primarily of real estate investments either directly owned or through partnership interests and mortgage and other loans on income producing real estate. Fair value is generally determined through an appraisal process that is conducted by independent appraisers within a reasonable amount of time following acquisition and no less frequently than annual thereafter. On average, distributions received through the liquidation of underlying assets/investments can occur over the span of 5-15 years.

- Collective Trust Funds are eight trust funds offered as investment options in the Defined Contribution Plan, reported at the Net Asset Value. The NAV is based on the value of the underlying investments. Collective Trusts are regulated, but not registered investment vehicles.
- Co-Mingled Funds are the investment vehicle used for the Plan's Sick Leave Insurance Reserve Trust Fund where funds are pooled from numerous plans. They are valued at net asset value of units held at the end of the period based upon the fair value of the underlying investments.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Component Unit Fair Value of Investments at June 30, 2018									
(dollars in thousands)									
Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Un-observable inputs (Level 3)	Total Fair Value	Net Asset Value (NAV)	Amortized Cost	Not Rated	Total	Valuation Technique
Debt Securities:									
Money Market Funds	\$ 118,476			\$118,476				\$ 118,476	Market
U.S. Gov't Obligations**	9,990	\$ 20,517		30,507				30,507	Market
U.S. Gov't Agency Obligations	31,497	20,799		52,296				52,296	Market
U.S. Gov't Agency Mortgage-Backed Securities	43,731			43,731				43,731	Market
Corporate Obligations	40,095	36,157		76,252				76,252	Market
Municipal and Public Entity Obligations	138			138				138	Market
Bond Mutual Funds and Other Pooled Fixed-Income Securities*	16,493	6,094		22,587	\$ 16,614		\$ 945	40,146	Market
Total Debt Securities	260,420	83,567		343,987	16,614		945	361,546	
Other Investments:									
Domestic Equities	60,227			60,227				60,227	Market
Foreign Equities	1,902	1,875		3,777				3,777	Market
Private Equities		10,700		10,700	21,919			32,619	Market
Investment Agreements	(1,349)			(1,349)				(1,349)	Market
Preferred Securities Without Maturity Dates	94			94				94	Market
Equity and Income Mutual Funds	9,519	28,916		38,435				38,435	Market
Mutual Funds	148,721			148,721				148,721	Market
International Equity Funds	80,955			80,955	7,384			88,339	Market
Real Estate and Perpetual Trusts	4,891	126	\$ 1,138	6,155	2,872	\$ 659	155	9,841	Market
Commodities		1,683		1,683				1,683	Market
Insurance Annuities	155	257		412				412	Market
Commingled Funds					34,928			34,928	Market
Hedge Funds	107	7,840		7,947	385			8,332	Market
Interest Rate Swaps		(654)		(654)				(654)	Market
Land Held by Endowment***						4,963		4,963	Market
Total	\$ 565,642	\$ 134,310	\$ 1,138	\$701,090	\$ 84,102	\$ 5,622	\$ 1,100	\$791,914	
*Includes \$0.9 million valued at cost									
**Includes \$3.3 million valued at cost									
***Includes \$5.0 million valued at cost									

The private equity shown at NAV above are invested in real estate, venture funds, and international funds. The fair values have been determined using the NAV per share. The fair value of the private equity limited partnerships have no readily ascertainable market prices. Similar to real estate, costs closely approximate fair value of recent acquisitions. Therefore, the fair value of private equity limited partnership investments are based on the valuations as presented in the funds' December 31st audited financial statements. Generally, the companies within a fund are

valued by the general partner, taking into account many factors such as the purchase price, estimated liquidation value, significant events like initial public offerings, bankruptcies, additional rounds of financing, and other relevant factors. The fair value may differ significantly from the values that would have been used had a ready market for the investments existed. Although these differences could be material to the individual values, private equity only represents 6.40 percent of total investments.

Notes to the Financial Statements**For the Fiscal Year Ended June 30, 2018**

The commingled funds shown at NAV above are held in an investment trust that invests in debt securities. The trust's investment objective is to outperform the Barclays U.S. Government/Credit Index. The trust may invest in out-of-benchmark securities in order to provide value and diversification.

Custodial Credit Risk of Investments

Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the value of investments or collateral securities that are in the possession of an outside party will not be recovered. The State does not have a formal policy to address custodial credit risk. The following describes the policies and risks for those state entities that are exposed to custodial credit risk:

- The Idaho Fish and Wildlife Foundation does not have a formal policy that would limit its exposure to custodial credit risk. The Foundation has \$9.4 million in investments that were uninsured and held in the name of the counterparty.
- The Idaho Workers' Compensation Law (Idaho Code Title 72) requires sureties to maintain a security deposit with the STO in order to write workers' compensation insurance or to be self insured. The amount of sureties that are held by the bank in the name of the insurance company and subject to custodial credit risk was \$428.9 million.
- The PERSI investment policy mitigates custodial credit risk by requiring that investments, to the extent possible, be registered in the name of the PERSI and be delivered to a third-party custodian. Short-term investments are created through daily sweeps of excess cash. The PERSI had various short-term investments of \$7.4 million held by various counterparties, not in the PERSI's name.
- The University of Idaho Retiree Benefits Trust does not have a formal policy to limit its exposure to custodial credit risk. The Trust had \$33.8 million in investments that were uninsured and held by the counterparty's trust department or agent but not in the State's name.
- The Boise State University Foundation does not have a formal policy that would limit its exposure to custodial credit risk. The Foundation had various investments of \$135.2 million that were uninsured and held in the name of the broker.
- The University of Idaho Foundation minimizes exposure

to custodial credit risk by requiring that investments, to the extent possible, be clearly marked as to Foundation ownership and further to the extent possible, be held in the Foundation's name. The Foundation had various investments of \$144.6 million that were held in the name of the counterparty for benefit of the Foundation.

Interest Rate Risk of Debt Securities

Investments in debt securities that are fixed for longer periods are likely to experience greater variability in fair values due to future changes in interest rates. The State has not adopted a formal policy that addresses interest rate risk, except as follows:

- The EFIB has adopted the policy that the fixed-income weighted average of the EFIB portfolio may not exceed that of the Barclays Capital Aggregate Bond Index by more than one-half year. The separate Endowment Funds Interest Rate Risk schedule quantifies the interest rate risk of EFIB fixed-income securities.
- The PERSI manages interest rate risk using the effective duration methodology, which takes into account the options on bonds and scales the risk of price changes on bonds depending upon the degree of change in rates and the slope of the yield curve. All of the PERSI fixed-income portfolios are managed in accordance with operational guidelines, which include an expected range of interest rate risk in the portfolio. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager. The reporting of effective duration found in the separate schedule following the PERSI investments schedule quantifies the interest rate risk of the PERSI fixed-income assets. Some of the large durations are due to the use of options and forward foreign currency contracts.
- The Idaho Housing and Finance Association has adopted bond indentures, bond resolutions, and trust resolutions that provide investment maturities based upon the cash requirements of the Association's accounts, as determined by authorized Association investment officers. The Association's investment maturities are presented as part of the Component Units Maturity of Debt Investments at June 30, 2018.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Primary Government and Fiduciary Funds Investments and Maturities at June 30, 2018
(Except Endowment Funds, PERSI, Idaho College Savings Program, and Deferred Compensation Plan)
(dollars in thousands)

Investment Type	Less than 1 year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
<u>Debt Securities:</u>									
Money Market Funds	\$ 16,123								\$ 16,123
Certificates of Deposit**	8,620	\$ 7,007							15,627
Repurchase Agreements***	563,814								563,814
Commercial Paper	506,233								506,233
U.S. Gov't Obligations	2,013,708	295,082	\$ 22,776			\$ 57	\$ 105		2,331,728
U.S. Gov't Agency Obligations	949,690	247,761	9,642	\$ 660	\$ 23	82			1,207,858
U.S. Gov't Agency Mortgage- Backed Securities*	4,170	101,159	304,306	474					410,109
Asset -Backed Securities*	212,831	117,325							330,156
Commercial Mortgages*		3,199	4,808						8,007
Corporate Obligations	252,470	566,618	44,676		51				863,815
Municipal and Public Entity Obligations	12,160	247	523	59	60			\$ 76	13,125
Bond Mutual Funds and Other Pooled Fixed-Income Securities	260,384	22,468	14,865	1,396	7,495	1,104	1,851	133	309,696
External Investment Pools****	97,644								97,644
Total Debt Securities	\$ 4,897,847	\$ 1,360,866	\$ 401,596	\$ 2,589	\$ 7,629	\$ 1,243	\$ 1,956	\$ 209	\$ 6,673,935
<u>Other Investments:</u>									
Equity Securities and Mutual Funds									83,934
Mutual Funds Without Maturity Dates									702
Real Estate and Perpetual Trusts									7,282
Commodities									1,060
Total									\$ 6,766,913

*Securities are reported using weighted-average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

**\$5.1 million valued at cost

***\$563.8 million valued at cost

****\$2.4 million valued at cost

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Endowment Funds Interest Rate Risk at June 30, 2018

(dollars in thousands)

Investment Type	Fair Value	Modified Duration In Years
<u>Debt Securities:</u>		
Asset Backed Securities	\$ 2,169	2.3
Commercial Mortgage-Backed	5,848	5.6
Corporate Bonds	119,415	7.3
Government Agencies	20,129	4.2
Government Bonds	182,815	6.0
Government Mortgage Backed Securities	132,912	5.4
Gov't-issued Comm. Mtg-Backed	3,434	1.7
Index Linked Government Bonds	83,434	7.8
Municipal/Provincial Bonds	4,321	9.3
Total Endowment Fund Debt Securities	554,477	
<u>Other Investments:</u>		
Equity Investments	1,529,245	
Money Market Funds	16,656	
Real Estate Investment Trust (Private)	84,262	
Total Other Endowment Fund Investments	1,630,163	
<u>Unsettled Trades:</u>		
Receivable for Investments Sold	(10,775)	
Payable for Investments Purchased	19,694	
Total Endowment Fund Investments	\$ 2,193,559	

PERSI Investments at June 30, 2018

(dollars in thousands)

Investment Type	Fair Value
Domestic Fixed-Income	\$ 3,749,733
Commingled Domestic Fixed-Income	152,493
International Fixed-Income	10,511
Idaho Commercial Mortgages	678,811
Short-Term Domestic Investments	260,458
Real Estate	666,569
Domestic Equities	6,930,492
Commingled Domestic Equity	291,360
International Equities	3,450,442
Commingled International Equity	74,326
Private Equity	1,018,526
Mutual Funds	932,511
Total PERSI Investments	\$ 18,216,232

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

PERSI Effective Duration of Fixed Income Assets by Security Type at June 30, 2018

(dollars in thousands)

Investment Type	Domestic Securities		International Securities		Total Fair Value
	Fair Value	Effective Duration in Years	Fair Value	Effective Duration in Years	
Asset -Backed Securities	\$ 27,309	2.03			\$ 27,309
Mortgages	31,277	3.62			31,277
Mortgages	9	*			9
Commercial Paper	72,615	0.21			72,615
Commercial Paper	150	*			150
Corporate Bonds	1,048,237	7.34			1,048,237
Fixed-Income Derivatives	1,083	1.44	\$ 29	*	1,112
Fixed-Income Derivatives	10	*			10
Government Agencies	66,441	8.72			66,441
Government Bonds	1,041,356	7.13	10,710	6.11	1,052,066
Government Bonds			235	*	235
Government Mortgage-Backed Securities	198,703	5.22			198,703
Pooled Investments	7,132	*			7,132
Pooled Investments	152,493	*			152,493
Private Placements	95,566	4.38			95,566
Private Placements	14,905	*			14,905
U.S. Treasury Inflation-Protected Securities	1,554,442	7.34			1,554,442
Idaho Mortgages	708,718	*			708,718
Total PERSI Fixed Income Securities	\$ 5,020,446		\$ 10,974		\$ 5,031,420

*Duration calculations for some securities are not available.

Idaho College Savings Program Investments at June 30, 2018

(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
Money Market Funds	\$ 21,449	Less than 1
Bond Funds	117,519	8.4
Inflation-Linked Bond Fund	6,753	2.6
International Bond Funds	53,317	9.4
Equity Funds	147,609	
International Equity Funds*	98,550	
Sallie Mae High-Yield Savings Account	15,468	
Total Idaho College Savings Program Investments	\$ 460,665	

*Investments may be subject to foreign currency risk.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Deferred Compensation Plan Investments at December 31, 2017

(dollars in thousands)

Investment Type	Fair Value	Average Maturity In Years
<u>Fixed Income:</u>		
Empower	\$ 32	
Idaho Retiree Fixed Fund**	129,504	11.20
Nationwide Life Fixed Fund**	77,987	11.20
Total Fixed Income	207,523	
<u>Variable Income***:</u>		
American Century Heritage Fund	44,584	
Fidelity	35,570	
The Income Fund of America	18,050	6.30
Nationwide Investor Destinations Moderately Aggressive Fund	14,617	10.61
Neuberger Berman	14,992	
State Street Equity	13,609	
Nationwide Investor Destinations Moderate Fund	8,958	10.61
Dodge & Cox Stock Fund	13,279	
Nationwide Investor Destinations Aggressive Fund	9,095	10.31
Dreyfus	8,441	
Capital World	7,998 *	
Dreyfus Bond Market Index Fund	6,772	8.24
EuroPacific Growth Fund	10,133 *	
Metropolitan West Total Return Bond Fund - Class M	6,543	7.40
JPMorgan	6,968	
Van Kampen	5,671	
Dreyfus Small cap Stock Index Fund	5,712	
Templeton Foreign Fund	6,049 *	
Nationwide Destinations 2025 Fund	4,115	12.73
Nationwide Destinations 2030 Fund	2,756	13.28
DFA US Small Cap Growth Portfolio	2,742	
Charles Schwab	3,243	
Nationwide Destinations 2020 Fund	2,165	12.67
Nationwide Destinations 2035 Fund	2,192	13.26
Nationwide Investor Destinations Moderately Conservative Fund	1,968	10.36
Nationwide Destinations 2060 Fund	6	13.21
Nationwide Investor Destinations Conservative Fund	1,071	9.86
Nationwide Destinations 2015 Fund	802	12.62
Nationwide Destinations 2040 Fund	1,305	13.25
Nationwide Destinations 2045 Fund	859	13.25
Nationwide International Index Fund	2,213	
Nationwide Destinations 2050 Fund	615	13.22
Nationwide Destinations 2055 Fund	113	13.21
Empower	30	
Carrier Suspense	3	
Investment Suspense	(414)	
Total Variable Income	262,825	
<u>Annuity Payout Options:</u>		
DCVAII	38	
Nationwide Life	1,696	
Total Annuity Payout Options	1,734	
<u>Life Insurance Contracts:</u>		
Transamerica Premier	318	
Total Deferred Compensation Plan Investments and Life Insurance Contracts	\$ 472,400	

*Represents international mutual funds and are subject to foreign currency risk.

**Funds have an average credit rating of A-. All other investments are unrated.

***Variable income investments categorized as a level 1 input. All others reported at contract value

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Component Units Maturity of Debt Investments at June 30, 2018									
(dollars in thousands)									
Investment Type	Less than 1 Year	1-5 Years	6-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	More than 30 Years	Total Fair Value
<u>Debt Securities:</u>									
Money Market Funds	\$ 118,476								\$ 118,476
U.S. Gov't Obligations**	11,197	\$ 18,964	\$ 262	\$ 11	\$ 11		\$ 36	\$ 26	30,507
U.S. Gov't Agency Obligations	1,245	24,851	1,814	7,100	17,238			48	52,296
U.S. Gov't Mortgage-Backed Securities				84				43,647	43,731
Corporate Obligations	18,915	55,689	402	12	12		40	1,182	76,252
Municipal Obligations		30	32	10	10		33	23	138
Bond Mutual Funds*	1,016	4,846	33,454	287	117		364	42	40,126
Total Debt Securities	\$ 150,849	\$ 104,380	\$ 35,964	\$ 7,504	\$ 17,388	\$ 0	\$ 473	\$ 44,968	\$ 361,526
<u>Other Investments:</u>									
Cash Equivalents included with Investments									105
Domestic Equities									60,227
Foreign Equities									3,777
Private Equities									32,619
Investment Agreements									(1,349)
Preferred Securities Without Maturity Dates									94
Equity and Income Mutual Funds									4,567
Mutual Funds									182,610
International Equity Funds									88,339
Real Estate and Perpetual Trusts									9,840
Commodities									1,683
Insurance Annuities									412
Commingled Funds									34,928
Hedge Funds									8,333
Interest Rate Swaps									(654)
Land Held by Endowment***									4,963
Component Units Investments									\$ 792,020
*Includes \$0.9 million valued at cost									
**Includes \$3.3 million valued at cost									
***Includes \$5.0 million valued at cost									

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Credit Risk of Debt Securities

The risk that an issuer of debt securities or another counterparty to an investment transaction will not fulfill an obligation is commonly expressed in terms of the credit quality rating issued by a national rating organization. Investments explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality ratings. Unless otherwise stated, the ratings presented use the Moody's scale. The State does not have a formal policy to address credit risk of debt securities. The following Boards have formally adopted policies that address credit quality ratings of debt securities:

- The State Board of Education policy allows colleges and universities to invest in corporate bonds and mortgage-backed securities of A grade or better and commercial paper of prime or equivalent grade without prior Board approval.
- The EFIB investment policy states that investment grade bonds must be rated BBB (or the equivalent) or better, commercial paper must be rated A1 (or the equivalent) or better, and money market funds shall contain securities with an absolute minimum of investment grade by

Standard & Poor's (S&P) or Moody's.

- The PERSI has no strict limitations for credit risk exposures. Each PERSI portfolio is managed in accordance with operational guidelines that outline expected portfolio characteristics which usually, but not always, include credit quality and exposure levels. Per the PERSI policy, these characteristics are established and monitored within each portfolio, with variances reported by the manager.
- The Idaho Housing and Finance Association policies permit investments for each bond issue in accordance with the various bond indentures and bond resolutions adopted by the Association. Program account investments are restricted to those allowed by Idaho Code Section 67-6215B or by federal regulations. The Association has adopted resolutions as policy for authorized investments in the Affordable Housing Investment Trust and the Loan Guaranty Trust. The Association has not adopted a formal policy related to the Association's business operations investments.

Primary Government and Fiduciary Funds Credit Quality Ratings of Debt Securities at June 30, 2018**(Except Endowment Funds, PERSI, and Deferred Compensation Plan)***(dollars in thousands)*

Investment Type	Aaa	Aa	A	Baa	Ba	B	C	A1-P1	NP	Unrated	Fair Value
Money Market Funds	\$ 2,482									\$ 35,090	\$ 37,572
Certificates of Deposit*	1,154	\$ 246	\$ 1,748			\$ 244			\$ 250	11,985	15,627
Repurchase Agreements**										563,814	563,814
Commercial Paper	499							\$ 505,734			506,233
U.S. Gov't Agency Obligations	401,363	1,536						750,718		54,241	1,207,858
U.S. Gov't Agency Mortgage-Backed Securities	366,174	506								43,429	410,109
Asset-Backed Securities	264,629		34,855					30,672			330,156
Commercial Mortgages	6,764		1,243								8,007
Corporate Obligations	25,776	236,321	599,443	\$ 2,076		149				50	863,815
Municipal and Public Entity Obligations	208	642	191							12,084	13,125
Bond Mutual Funds and Other Pooled Fixed-Income Securities	10,833	27,229	6,872	3,728	\$ 634	241	\$ 244			437,504	487,285
External Investment ***										97,644	97,644
Total	\$1,079,882	\$ 266,480	\$ 644,352	\$ 5,804	\$ 634	\$ 634	\$ 244	\$ 1,287,124	\$ 250	\$ 1,255,841	\$ 4,541,245

* \$5.1 million valued at cost

** \$563.8 million valued at cost

*** \$2.4 million valued at cost

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Endowment Funds
Credit Quality Ratings of Debt Investments at June 30, 2018
(dollars in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba*	Agy	Not Rated	Fair Value
Asset Backed Securities	\$ 654		\$ 16	\$ 80			\$ 1,419	\$ 2,169
Commercial Mortgage-Backed	5,375						473	5,848
Corporate Bonds	3,548	\$ 11,099	46,321	53,525	\$ 3,909		1,012	119,414
Government Agencies	15,478	1,076	760	1,251		\$ 700	864	20,129
Government Bonds	175,919	137	1,742	2,162		2,855		182,815
Government Mortgage Backed Securities						130,414	2,498	132,912
Gov't-issued Comm. Mtg-Backed	967					2,467		3,434
Index Linked Government Bonds	83,434							83,434
Municipal/Provincial Bonds	386	2,938	542	102	73		279	4,320
Total	\$ 285,761	\$ 15,250	\$ 49,381	\$ 57,120	\$ 3,982	\$ 136,436	\$ 6,545	\$ 554,475

*The Ba column includes bonds that are split rate and meet the minimum requirement of one of the two ratings agencies specified in the EFIB Statement of Investment Policy.

PERSI Credit Quality Ratings of Fixed-Income Securities at June 30, 2018

(dollars in thousands)

S & P Rating Level	Investment Type		Fair Value
	Domestic Securities	International Securities	
A-1+	\$ 1,233		\$ 1,233
A-1	44,502		44,502
A-2	23,845		23,845
AAA	94,440		94,440
AA*	329,286		329,286
A	404,676	\$ 3,480	408,156
BBB	475,186	2,388	477,574
BB	11,259	2,168	13,427
B	4,325		4,325
CCC	3,207		3,207
CC	2,159		2,159
C	99		99
D	1,075		1,075
Not Rated	161,584	2,939	164,523
Total	\$ 1,556,876	\$ 10,975	\$ 1,567,851

*Includes US Government Agencies implicitly guaranteed by US Government

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Component Units Credit Quality Ratings of Debt Securities at June 30, 2018											
(dollars in thousands)											
Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	C	D	Unrated	Fair Value
Money Market Funds										\$ 118,476	\$ 118,476
U.S. Gov't Agency Obligations**	\$ 43,551	\$ 8,745									52,296
U.S. Gov't Agency Mortgage Backed Securities	43,731										43,731
Corporate Obligations	5,122	23,245	\$34,733	\$10,215	\$ 274	\$ 195			\$ 5	2,463	76,252
Municipal Obligations	10	7	26	36	20	8			2	29	138
Bond Mutual Funds*	18,113	5,976	2,955	3,200	6,209	1,239	\$ 1	\$ 2	23	2,408	40,126
Total	\$ 110,527	\$ 37,973	\$37,714	\$13,451	\$ 6,503	\$1,442	\$ 1	\$ 2	\$ 30	\$ 123,376	\$ 331,019
*Includes \$0.9 million valued at cost											
**Includes \$3.3 million valued at cost											

Concentration of Credit Risk

Concentration of credit risk describes the heightened exposure to loss when a considerable number of investments exist in a single issuer. The State has adopted a principle that governments should provide note disclosure when at least 5 percent of the total government investments are concentrated in any one issuer. Investments in obligations explicitly guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. State statute places no limit on the amount that may be invested in any one issuer.

- The State, the Idaho Potato Commission, and the colleges and universities have not adopted a formal policy to address concentration of credit risk.
- The STO investment policy limits the amount that can

be invested in any one issuer. The policy may be obtained from their website at <http://sto.idaho.gov>.

- The Idaho Housing and Finance Association places no limit on the amount the Association may invest in one issuer.
- The Idaho Individual High Risk Reinsurance Pool's policy provides that no more than 10 percent of the short-term fund balance may be invested in the securities of any one issuer. The policy exempts the following types of investments: obligations of the U.S. government or its agencies, repurchase agreements collateralized by obligations of the U.S. government or its agencies, federally insured certificates of deposit, mutual funds, and money market mutual funds.

Primary Government and Fiduciary Funds Concentration of Credit Risk at June 30, 2018			
(dollars in thousands)			
Portfolio	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Potato Commission:	Federal Home Loan Bank	\$ 880	100.0
Idaho State Bar:	Fannie Mae Notes	275	14.0
	Federal Home Loan Bank	108	5.5
	First Interstate Bank*	101	5.2
STO Pool:	Daiwa Capital	310,000	13.5
	Federal Home Loan Mortgage Corp.	216,761	9.5
Idaho State University:	Federal Home Loan Mortgage Corporation	4,314	20.8
	Federal National Mortgage Association	2,029	9.8
*Valued at Cost			

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Component Unit Concentration of Credit Risk at June 30, 2018

(dollars in thousands)

Component Unit	Issuer	Fair Value	Percent of Portfolio Investments
Idaho Housing and Finance Association:	Federal Farm Credit Bank	\$ 16,612	9.1
	Government National Mortgage Association	42,804	23.5
Health Reinsurance:	Federal Home Loan Bank	4,983	49.4
	Federal Home Loan Mortgage Corp	3,976	39.4
	Federal National Mortgage Association	1,129	11.2

Foreign Currency Denominated Investments

Investments denominated in foreign currencies face a potential risk of loss in fair value from changes in currency exchange rates. The following describes the policies related to foreign currency risk for those state entities that have investments denominated in a foreign currency:

- The EFIB investment policy statement permits investments in international equities.
- The PERSI investment policy provides individual manager guidelines, which outline at a minimum, a range

of currency exposure. Each portfolio is monitored for currency exposure. Managers are required to report variances.

- The Lewis-Clark State College Foundation investment policy permits investments in equities and debt securities denominated in foreign currencies. The policy limits the investments in international equities to no more than 17.5 percent of the Foundation's total investment portfolio.
- The University of Idaho Foundation investment policy limits the exposure to foreign investment holdings in the portfolio.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Endowment Foreign Currency Risk at June 30, 2018

(dollars in thousands)

Currency	Investment Type	Fair Value in U.S Dollars
Australian Dollar	Equities	\$ 18,996
Brazilian Real	Equities	5,200
Canadian Dollar	Equities	14,672
Chilean Peso	Equities	255
Danish Krone	Equities	8,507
Euro	Equities	91,061
Hong Kong Dollar	Equities	30,746
Hungarian Forint	Equities	837
Indonesian Rupiah	Equities	1,195
Israeli Shekel	Equities	1,979
Japanese Yen	Equities	75,129
Malaysian Ringgit	Equities	1,124
Mexican Peso	Equities	6,067
New Zeland Dollar	Equities	314
Norwegian Krone	Equities	3,626
Phillippine Peso	Equities	165
Polish Zloty	Equities	934
Singapore Dollar	Equities	4,461
South African Rand	Equities	3,751
South Korean Won	Equities	8,220
Swedish Krona	Equities	13,894
Swiss Franc	Equities	41,935
Taiwan Dollar	Equities	4,600
Thailand Thai Baht	Equities	4,393
Turkish Lira	Equities	665
U.K. Pound	Equities	70,851
Total		\$ 413,577

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

PERSI Foreign Currency Risk at June 30, 2018

(dollars in thousands)

Currency	Investment Type			Fair Value of Currency in U.S. Dollars
	Short-Term Investments	Equities	Fixed Income	
Argentina Peso	\$ 328		\$ 272	\$ 600
Australian Dollar	(820)	\$ 71,409	(2)	70,587
Brazilian Real	1,967	95,709	2,169	99,845
Canadian Dollar	1,815	12,609		14,424
Chilean Peso	1	7,850		7,851
Chinese R Yuan HK	(572)			(572)
Chinese Yuan Renminbi	(2,835)	10	550	(2,275)
Colombian Peso	36	3,171		3,207
Czech Koruna	8	1,275		1,283
Danish Krone	(1,487)	115,537		114,050
Egyptian Pound	19	2,910		2,929
Euro	(863)	768,005	(294)	766,848
Hong Kong Dollar	1,322	504,590		505,912
Hungarian Forint	5	5,915		5,920
Indian Rupee	1,463			1,463
Indonesian Rupiah	1,495	20,269		21,764
Israeli Shekel	12	2,096		2,108
Japanese Yen	503	390,225	1,006	391,734
Kenyan Shilling		2,643		2,643
Malaysian Ringgit	26	16,374		16,400
Mexican Peso	(3,034)	40,624	4,110	41,700
Moroccan Dirham	21	2,020		2,041
New Taiwan Dollar	(475)	125,917		125,442
New Zealand Dollar	2	1,443		1,445
Norwegian Krone	71	5,167		5,238
Philippine Peso	(2,020)	10,662		8,642
Polish Zloty	9	11,726		11,735
Romanian Leu		1,963		1,963
Russian New Ruble	776	20,587	2,411	23,774
South African Rand	59	99,002		99,061
Singapore Dollar	43	35,070		35,113
South Korean Won	168	261,647		261,815
Swedish Krona	92	47,206		47,298
Swiss Franc	4,169	215,048		219,217
Thailand Baht	13	30,546		30,559
Turkish Lira	46	33,208		33,254
U.K. Pound	2,398	556,213	360	558,971
Total	\$ 4,761	\$ 3,518,646	\$ 10,582	\$ 3,533,989

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

College and University Foundations
Foreign Currency Risk at June 30, 2018
(dollars in thousands)

Currency	Investment Type	Fair Value in U.S. Dollars
Australian Dollar	Equities	\$ 1,043
Brazilian Real	Equities	17
Canadian Dollar	Equities	547
Chilean Peso	Equities	5
Chinese Yuan	Equities	114
Colombian Peso	Equities	4
Czech Koruna	Equities	1
Danish Krone	Equities	835
Euro	Equities	4,440
Hong Kong Dollar	Equities	2,765
Hungarian Forint	Equities	2
Indian Rupee	Equities	31
Indonesian Rupiah	Equities	7
Israeli Shekel	Equities	7
Japanese Yen	Equities	1,108
Malaysian Ringgit	Equities	10
Mexican Peso	Equities	19
New Zealand Dollar	Equities	4
Norwegian Krone	Equities	12
Peruvian Nuevo Sol	Equities	2
Philippine Peso	Equities	5
Polish Zloty	Equities	6
Russian Ruble	Equities	9
Singapore Dollar	Equities	19
South African Rand	Equities	18
South Korean Won	Equities	60
Swedish Krona	Equities	36
Swiss Franc	Equities	1,823
Taiwan Dollar	Equities	39
Thai Baht	Equities	11
Turkish Lira	Equities	2
U.K. Pound	Equities	3,406
Other	Equities	65
Total		\$ 16,472

Debt Investments with Terms That May Cause the Fair Value to Be Highly Sensitive To Interest Rate Changes

Mortgage-Backed Securities have a return based on the cash flows from interest and principal payments on the underlying mortgages. As a result, they are sensitive to prepayments, which are likely to occur in declining interest rate environments. To the extent possible, this prepayment risk is reflected in the interest rate risk of the portfolios by using the weighted average method to calculate interest rate

risk for long-term investments and the modified duration method used by the EFIB and the PERSI.

Treasury Inflation Protected Securities (TIPS) are fixed-income securities issued by the U.S. Treasury that pay a fixed coupon rate plus an adjustment for subsequent inflation. The Endowment Funds had investments in TIPS with a fair value of \$83.4 million, and the PERSI had investments in TIPS with a fair value of \$1.6 billion.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

IHFA is invested in pay-fixed, receive-variable interest rate swaps. The Association pays fixed rate payments between 0 percent and 0 percent and receives variable rate payments based on the Securities Industry and Financial Markets Association (SIFMA) and the London Interbank Offered Rate (LIBOR) indices.

Repurchase Agreements

Repurchase agreements are purchases of securities with simultaneous agreements to resell those same securities in the future at a higher price.

The Idaho Housing and Finance Association invests excess cash overnight in repurchase agreements that are held in the Association's account in the name of the bank and are collateralized by the U.S. government and agency

obligations. The Association had repurchase agreements of \$14.6 million with Wells Fargo Bank.

C. Restricted Assets

A portion of cash and investments are classified as restricted assets for governmental activities, business-type activities, and component units on the Statement of Net Position. The breakout of purpose and amount are as follows:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Primary Government and Component Units

Restricted Assets at June 30, 2018

(dollars in thousands)

Purpose	Amount
<u>Governmental Activities:</u>	
Restricted Cash:	
Bond Covenants	\$ 120
Debt Service	163,310
Donations for Various Projects	945
Group Insurance Reserves	32,872
Juvenile Corrections Social Security Benefits	1,052
Legislation and Donations	15,662
Matching Fund Contributions	13,936
Millennium Permanent Endowment Fund	2
Petroleum Violation Escrow	3,244
Pollution Clean Up	6,989
The Idaho State Bar Client Assistance Fund	938
Restricted Investments:	
Donations for Various Projects	6,278
Legal Settlements	2,969
Legislation and Donations	30,687
Millennium Permanent Endowment Fund	324,787
Pollution Clean Up	83,987
Total Governmental Activities	\$ 687,778
<u>Business-Type Activities:</u>	
Restricted Cash:	
Debt Service	\$ 16,713
Idaho Lottery Dividends Payout	55,748
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	33,164
Restricted Investments:	
Wastewater Facility Loan Program and Drinking Water Systems Loan Program	117,431
Total Business-Type Activities	\$ 223,056
<u>Component Units:</u>	
Restricted Cash:	
Donations for the College and University Foundations	\$ 41,132
Bond Indentures and Escrow and Reserve Deposits	168,430
Restricted Investments:	
Donations for the College and University Foundations	319,661
Total Component Units	\$ 529,223

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 3. DERIVATIVE INSTRUMENTS

Derivative instruments are often complex financial arrangements used by governments to manage specific risks or to make investments.

Primary Government

The Idaho State Building Authority entered into a pay-fixed interest rate contract as a cash flow hedge. The interest rate

contract is determined to be an effective hedge and is reported at fair value of negative \$2.4 million on the government-wide Statement of Net Position in deferred outflows of resources and in liabilities. The decrease in the liability of the hedge for fiscal year 2018 was \$1.4 million. The Authority contract has the following objectives and terms:

Type	Objective	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate contract	Hedge of changes in cash flows on the 2008 Series A bonds	\$ 26,080	12/1/2008	9/1/2025	Pay 4.3%; receive 67% of 1-month LIBOR rate	A-2/A-

The Authority is exposed to credit risk on the interest rate contract that could potentially be in an asset position.

The Authority is exposed to interest rate risk on the interest rate contract. As the one-month LIBOR Index rate decreases, the Authority's net payment on the interest rate contract increases.

The Authority is exposed to basis risk on the interest rate contract because the variable-rate payments received by the Authority on this hedging instrument are based on a rate or index other than interest rates the Authority pays on its hedged variable-rate debt, which is currently remarketed every seven days. As of June 30, 2018, the interest rate on the Authority's hedged variable-rate debt was 1.10 percent while 67 percent of the one-month LIBOR was 0.98 percent.

The Authority or its counterparty may terminate the interest rate contract if the other party fails to perform under the terms of the contract. In addition, the Authority may terminate at any time. If at the time of termination the interest rate contract is in a liability position, the Authority

would be liable to the counterparty for a payment equal to the liability.

Component Units

The Idaho Housing and Finance Association has entered into multiple interest rate swap agreements to reduce the Association's overall cost of borrowing long-term capital and protect against the risk of rising interest rates. The fair value of the swaps was a negative \$27.3 million and reported in other accrued liabilities on the Statement of Net Position. The Association has determined that a substantial portion of its interest rate swaps effectively hedge against changes in variable interest rates. Changes in fair value for hedge swaps are reported on the Statement of Net Position as deferred outflows of resources of \$38.5 million and deferred inflow of resources of \$4.4 million. A portion of the interest rate swaps are considered non-effective for hedging purposes and are reported in the Statement of Revenues, Expenses, and Changes in Net Position at \$0.7 million. The Association has the following interest rate swap agreements:

Idaho Housing and Finance Association - Hedging Derivative Instruments							
Interest Rate Swap Agreements at June 30, 2018							
(dollars in thousands)							
Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2000 Series F			\$ 17	11/6/2008	7/1/2021	5.25%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2000 Series G	\$ 3,790	\$ (281)	212	11/6/2008	7/1/2020	4.87%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series A	1,375	(58)	80	11/6/2008	7/1/2022	4.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series B	1,780	(89)	99	11/6/2008	7/1/2022	4.53%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series C	1,645	(79)	93	11/6/2008	1/1/2021	4.70%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2001 Series D	\$ 3,765	\$ (274)	\$ 188	11/6/2008	1/1/2021	5.02%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series E	3,765	(257)	179	11/6/2008	1/1/2021	4.95%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2001 Series F	2,015	(108)	105	11/6/2008	1/1/2021	4.89%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series A	2,185	(136)	121	11/6/2008	7/1/2022	4.71%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series B	2,205	(134)	121	11/6/2008	7/1/2021	4.48%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series C	2,180	(128)	118	11/6/2008	1/1/2024	3.79%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series D	3,855	(277)	193	11/6/2008	1/1/2018	5.30%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series E	2,240	(123)	110	11/6/2008	1/1/2024	4.14%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series F	2,810	(169)	111	11/6/2008	1/1/2020	4.76%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2002 Series G	2,810	(197)	122	11/6/2008	7/1/2020	4.86%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2003 Series A	4,635	(474)	229	11/6/2008	1/1/2026	4.52%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2003 Series B	4,105	(281)	176	11/6/2008	7/1/2024	4.04%	SIFMA+.20%
2003 Series C		(205)	61	11/6/2008	1/1/2025	3.78%	SIFMA+.20%
2003 Series D	4,315	(470)	225	11/6/2008	7/1/2025	4.84%	SIFMA+.20%
2003 Series E		(563)	66	11/6/2008	7/1/2025	4.53%	SIFMA+.20%
2004 Series A	4,400	(353)	190	11/7/2008	1/1/2026	4.03%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series B		(684)	45	11/7/2008	1/1/2027	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series C		(562)	59	11/7/2008	7/1/2025	4.33%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series D	6,080	(528)	257	11/7/2008	1/1/2028	3.85%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series A	6,495	(592)	280	11/7/2008	1/1/2029	3.90%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series B		(3)	865	11/7/2008	7/1/2028	3.99%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series C		(2)	785	11/7/2008	7/1/2028	3.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series D	6,515	(580)	278	11/7/2008	7/1/2028	3.87%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series E	6,635	(610)	298	11/7/2008	1/1/2029	3.93%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2005 Series F	6,915	(710)	314	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series A	6,955	(718)	318	11/7/2008	1/1/2029	4.10%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series B	4,455	(382)	208	11/7/2008	7/1/2025	4.35%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series C	4,335	(364)	203	11/7/2008	1/1/2025	4.36%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series D	5,055	(456)	241	11/7/2008	1/1/2025	4.45%	SIFMA+.20% (LIBOR < 4.0%)/68% LIBOR
2006 Series E	5,835	(533)	354	11/22/2013	1/1/2026	5.55%	LIBOR + .80%
2006 Series F	5,955	(492)	345	11/22/2013	1/1/2026	5.32%	LIBOR + .80%
2006 Series G	5,830	(453)	330	11/22/2013	7/1/2026	5.20%	LIBOR + .80%
2007 Series A	6,480	(570)	391	11/22/2013	7/1/2026	5.37%	LIBOR + .80%
2007 Series B	7,340	(605)	431	11/22/2013	1/1/2027	5.22%	LIBOR + .80%
2007 Series C	7,795	(680)	470	11/22/2013	1/1/2027	5.31%	LIBOR + .80%
2007 Series D	8,360	(580)	451	12/20/2012	1/1/2026	4.89%	LIBOR+.71%
2007 Series E				12/20/2012	7/1/2025	4.94%	LIBOR+.71%
2007 Series F				12/20/2012	1/1/2025	5.28%	LIBOR+.71%
2007 Series G	19,600	(1,966)	1,287	12/20/2012	7/1/2028	5.39%	LIBOR+.76%
2007 Series H	24,950	(2,620)	1,575	12/20/2012	7/1/2030	5.20%	LIBOR+.76%
2007 Series I				12/20/2012	7/1/2028	5.14%	LIBOR+.76%
2007 Series J	20,370	(1,819)	1,265	12/20/2012	7/1/2028	5.10%	LIBOR+.76%
2007 Series K	17,855	(1,569)	1,117	12/20/2012	7/1/2030	4.93%	LIBOR+.76%
2008 Series A	17,855	(1,711)	1,153	11/22/2013	7/1/2030	5.12%	LIBOR + .80%
2008 Series B		(1,222)	1,018	11/22/2013	7/1/2029	4.98%	LIBOR + .80%
2008 Series C	10,155	(749)	569	11/22/2013	7/1/2026	5.05%	LIBOR + .80%
2008 Series D	3,810	(240)	201	11/22/2013	7/1/2026	4.77%	LIBOR + .80%
	<u>\$ 269,505</u>	<u>\$ (26,656)</u>	<u>\$ 17,924</u>				

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Idaho Housing and Finance Association - Investment Derivative Instruments
Interest Rate Swap Agreements at June 30, 2018
(dollars in thousands)

Series	Notional Amount	Fair Value	Change in Fair Value	Inception Date	Termination Date	Terms	
						Fixed Rate Paid	Variable Rate Received
2003 Series C	\$ 2,470	\$ 39	\$ (39)	11/6/2008	1/1/2025	3.78%	SIFMA+.20%
2003 Series E	4,315	144	(144)	11/6/2008	7/1/2025	4.53%	SIFMA+.20%
2004 Series B	4,940	190	(190)	11/7/2008	1/1/2027	4.37%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2004 Series C	4,550	152	(152)	11/7/2008	7/1/2025	4.33%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series B	6,305	(588)	588	11/7/2008	7/1/2028	3.99%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2005 Series C	6,390	(522)	522	11/7/2008	7/1/2028	3.73%	SIFMA+.20% (LIBOR < 3.5%)/68% LIBOR
2008 Series B	15,400	(69)	69	11/22/2013	7/1/2029	4.98%	LIBOR + .80%
	\$ 44,370	\$ (654)	\$ 654				

The Association was not exposed to credit risk on any outstanding swaps due to their negative fair values. The Association's counterparty has a current rating of A.

All but twenty-two of the Association's swaps have a dual basis: the SIFMA Index plus 20 basis points when the one-month LIBOR Index is less than either 3.5 percent or 4 percent (depending on the bond series) and 68 percent of the LIBOR Index when the LIBOR Index is 3.5 percent or greater. Four non-dual basis swaps have a basis of the SIFMA Index plus 20 basis points, ten have a basis of LIBOR plus 80 basis points, five have a basis of LIBOR plus 76 basis points, and three have a basis of LIBOR plus 71 basis points. The Association is exposed to basis risk on dual basis swaps when variable payments received are based on the LIBOR Index and do not offset the variable-rate paid on bonds, which is based on the SIFMA Index. On June 30, 2018, the SIFMA Index was 1.51 percent and the one-month LIBOR Index was 2.00 percent.

Rollover risk relates to a mismatch in the amortization of the swaps with the amortization of the variable-rate bonds. The Association has structured its debt such that not all variable debt is matched by interest rate swaps and calls certain variable-rate bonds independent of the expiration of the associated interest rate swap. This exposes the Association to the risk of incurring a higher interest expense than it might otherwise incur. Swap notional amounts no longer associated with variable-rate debt are reported as investment derivatives.

The Association or Barclays Capital may terminate an interest rate swap if the other party fails to perform under the terms of the contract. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates and the Association would be exposed to changing interest rates and incurring interest rate risk. The risk may be offset by identifying a suitable counterparty willing to enter into identical swap contracts at the termination date.

During fiscal years 2017 and 2018, the Association redeemed and reissued bonds. Though the terms of the swap

contracts were not modified, the redemption and reissue did create a deemed terminating event of the swap contracts, which requires that the value of the Deferred Outflow of Resources at the date of reissuance be amortized to interest expense.

The deemed terminating event also created a deemed borrowing, the result of higher off-market contractual fixed rates paid to the Association's counterparty compared to the market rate required at the time of the defeasance and reissuance. These borrowings are amortized and credited to interest expense over the life of the swap contracts. The requirements of the accounting standard result in a dual presentation of the deferred outflows of resources at both amortized and fair values and the presentation in the deferred inflows of resources of an amount that reflects the change in the fair value of the modified contracts during the fiscal years. Interest rate swap contracts fair value defers the fair value of effectively hedged swap contracts at June 30, 2018. The fair value of effectively hedged swap positions are fully matched and deferred with this offsetting position.

Interest rate swap contracts amortized value defers the amortizing value of an implicit borrowing position created upon the refunding of variable rate debt associated with swap contracts. At the time of refunding, the swap contracts' fair value became the historical cost basis, which is amortized over the life of the swap contracts. The amortized borrowing value is fully matched and deferred with this offsetting position.

Since the current fair value of the swap contracts differs from the amortized value of the borrowing at June 30, 2018, the Association has elected to report the swap contracts' current fair value to demonstrate the full economic liability to its counterparty. The difference between current fair and amortized value is reported as a gain or loss in the Statement of Revenues, Expenses, and Changes in Net Position. This effectively results in an historical cost position being reported at current fair value. The Association matches the duration of its swap contracts with the variable debt

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

maturity, and therefore, does not anticipate this difference ever to be realized as a loss or a gain.

The Association entered into 39 “To Be Announced” (TBA) forward contracts in order to lock in the sales price for the securitization of qualified first mortgage single-family loans. The Association periodically enters into forward

contracts to sell Government National Mortgage Association (GNMA) Mortgage Backed Securities to investors before the securities are ready for delivery. These contracts are considered investment derivatives and hedge the interest rate risk for loan commitments made to originating mortgage lenders.

Idaho Housing and Finance Association - Investment Derivative Instruments

TBA Forward Contracts at June 30, 2018

(dollars in thousands)

Contract	Notional Amount	Fair Value	Coupon Rate	Counterparty Credit Rating
April 2018	\$ 4,000	\$ (19)	4.00%	Aaa
April 2018	7,000	(32)	4.00%	Aaa
April 2018	1,000	(6)	4.00%	Aaa
April 2018	7,000	(9)	4.00%	Aaa
May 2018	6,000	(18)	4.00%	Aaa
May 2018	10,000	(70)	4.00%	Aaa
May 2018	19,000	(134)	4.00%	Aaa
May 2018	24,000	(176)	4.00%	Aaa
May 2018	10,000	(73)	4.00%	Aaa
May 2018	6,000	(21)	4.00%	Aaa
May 2018	4,000	(38)	4.00%	Aaa
May 2018	5,000	(19)	4.00%	Aaa
May 2018	10,000	(66)	4.00%	Aaa
May 2018	7,500	(77)	4.00%	Aaa
May 2018	5,000	(24)	4.00%	Aaa
May 2018	5,000	(27)	4.00%	Aaa
May 2018	5,000	(27)	4.00%	Aaa
May 2018	7,000	(48)	4.50%	Aaa
May 2018	10,000	(19)	4.50%	Aaa
May 2018	7,000	(66)	4.50%	Aaa
May 2018	5,000	(26)	4.00%	Aaa
May 2018	5,000	(6)	4.00%	Aaa
May 2018	5,000	3	4.00%	Aaa
June 2018	179		3.50%	Aaa
June 2018	10,000	(30)	4.00%	Aaa
June 2018	6,000	(22)	4.00%	Aaa
June 2018	25,000	(103)	4.00%	Aaa
June 2018	4,000	(16)	4.00%	Aaa
June 2018	14,000	(59)	4.00%	Aaa
June 2018	6,000	(7)	4.00%	Aaa
June 2018	8,000	(12)	4.00%	Aaa
June 2018	7,000	(19)	4.00%	Aaa
June 2018	5,000	(14)	4.00%	Aaa
June 2018	10,000	(23)	4.50%	Aaa
June 2018	7,000	(14)	4.00%	Aaa
June 2018	10,000	(25)	4.00%	Aaa
June 2018	5,000	(13)	4.00%	Aaa
June 2018	7,000	1	4.00%	Aaa
June 2018	7,000	3	4.00%	Aaa
	<u>\$ 305,679</u>	<u>\$ (1,351)</u>		

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 4. INTRAENTITY TRANSACTIONS

A. Interfund Balances

Interfund balances consist of the following receivables and payables (*dollars in thousands*):

	Interfund Payables								Total
	General Fund	Health and Welfare	Transportation	Nonmajor Governmental	College and University	Nonmajor Enterprise	Internal Service	Pension Trust	
General Fund		\$ 120		\$ 56	\$ 4,431	\$ 6,785			\$ 11,392
Health and Welfare	\$ 6								6
Transportation	7			6					13
Nonmajor Governmental	45	257	\$ 215	116		563			1,196
College and University	832	1,532	134	1,352					3,850
Unemployment Compensation	68								68
Nonmajor Enterprise	55		98						153
Internal Service	203	424	107	62	9		\$ 12		817
Pension Trust								\$ 2,190	2,190
Total	\$ 1,216	\$ 2,333	\$ 554	\$ 1,592	\$ 4,440	\$ 7,348	\$ 12	\$ 2,190	\$ 19,685

Interfund receivables and payables generally consist of short-term receivables and payables for goods and services provided by one fund within the State to another and for certain statutorily required transfers due at year-end. Most balances result from the time lag between the dates that:

- 1) Interfund goods and services are provided or reimbursable expenditures occur.
- 2) Transactions are recorded in the accounting system.
- 3) Payments between funds are made.

B. Interfund Transfers

Interfund transfers for the fiscal year were as follows (*dollars in thousands*):

Transfers Out	Transfers In							
	General Fund	Health and Welfare	Nonmajor Governmental	College and University	Unemploy - ment Comp.	Loan	Internal Service	Total
	General Fund	\$ 726,515	\$ 22,685	\$ 331,453		\$ 1,000	\$ 1,742	\$ 1,083,395
	Health and Welfare	\$ 6,192				128		6,320
	Transportation		18,290					18,290
	Land Endowments	57,843		15,840				73,683
	Nonmajor Governmental	80,306		100	\$ 681	2,167		83,254
	College and University	1,337						1,337
	Unemployment Comp.		7,257					7,257
	Loan	737	969					1,706
Nonmajor Enterprise	81,855	2,730	1,144				85,729	
Total	\$ 228,270	\$ 729,245	\$ 50,345	\$ 347,393	\$ 681	\$ 3,295	\$ 1,742	\$ 1,360,971

Interfund transfers are primarily performed for two reasons:

- 1) Taxes, fees, penalties, earnings, and other revenues are transferred from the agencies that initially collect them (such as the Tax Commission) to the General Fund and other funds as dictated by state law.
- 2) Revenues are transferred from the fund that is statutorily required to collect them to the fund that has budgetary authorization to spend them.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

During fiscal year 2018 the following nonroutine transfers were made:

- \$18.5 million from the Indirect Cost Recovery Fund to the Idaho State Controller's Office for the Business Information Infrastructure Project.
- \$5.0 million from the General Fund to the Department of Water Resources for the Planning and Technical Services Program.
- \$3.6 million from the Idaho Immunization Dedicated Vaccine Fund to the General Fund.
- \$2.5 million from the General Fund to the Workforce Development Training Fund.
- \$2.0 million from the General Fund to the Idaho Opportunity Fund.
- \$1.0 million from the General Fund to Water Management Fund for the Flood Management Program.

C. Significant Transactions with Related Parties

The primary government had the following transaction with the Idaho Housing and Finance Association (IHFA):

- The Transportation fund has notes payable in the amount of \$521.0 million to the IHFA for bonds issued on their behalf for transportation infrastructure projects.

The Housing Company, a component unit of the IHFA, owes the IHFA \$6.4 million for notes payable secured by real property.

During fiscal year 2018 the college and university foundations distributed \$64.9 million to the respective colleges and universities for support of academic and athletic programs.

During fiscal year 2018 the State purchased workers compensation insurance coverage from the State Insurance Fund, a related party, in the amount of \$12.8 million.



Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 5. NONCURRENT RECEIVABLES

The Accounts Receivable, Taxes Receivable, Due from Other Entities, Due from Primary Government, and Loans, Notes, and Pledges Receivable line items on the government-wide Statement of Net Position contain aggregated current and noncurrent receivable balances net

of allowances for doubtful accounts. The following tables disaggregate the noncurrent receivables balances for the primary government and component units.

Noncurrent interfund receivables are discussed in Note 4.

Noncurrent Receivables - Primary Government						
(dollars in thousands)						
	Governmental Activities				Business-Type Activities	
	General Fund	Health and Welfare	Transportation	Nonmajor Governmental	College and University	Loan
Accounts Receivable				\$ 7,848		
Taxes Receivable	\$ 53,169	\$ 9	\$ 293	41		
Loans and Notes Receivable	610		162	2,819	\$ 31,566	\$ 381,276
Total Noncurrent Receivables	\$ 53,779	\$ 9	\$ 455	\$ 10,708	\$ 31,566	\$ 381,276
Less: Allowance for Doubtful Accounts						
Accounts Receivable				\$ (3,519)		
Taxes Receivable	\$ (208)					
Loans and Notes Receivable					\$ (3,308)	
Total Noncurrent Receivables, Net	\$ 53,571	\$ 9	\$ 455	\$ 7,189	\$ 28,258	\$ 381,276

Noncurrent Receivables - Component Units			
(dollars in thousands)			
	Idaho Housing and Finance Association	College and University Foundation	Idaho Bond Bank Authority
Due from Primary Government	\$ 534,337		
Pledges Receivable		\$ 8,791	
Loans and Notes Receivable	542,785	31	\$ 316,538
Total Noncurrent Receivables	\$ 1,077,122	\$ 8,822	\$ 316,538
Less: Allowance for Doubtful Accounts			
Due from Primary Government			
Pledges Receivable		\$ (1,331)	
Loans and Notes Receivable	\$ (1,614)		
Total Noncurrent Receivables, Net	\$ 1,075,508	\$ 7,491	\$ 316,538

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year is as follows (*dollars in thousands*):

Primary Government	Balances at July 1, 2017 As Restated*	Increases	Decreases	Balances at June 30, 2018
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$ 1,102,390	\$ 32,925	\$ (151)	\$ 1,135,164
Capital Assets in Progress	1,046,351	229,103	(60,619)	1,214,835
Infrastructure	2,727,379	46,954	(6,845)	2,767,488
Historical Art and Collections	122			122
Total Capital Assets not Being Depreciated	4,876,242	308,982	(67,615)	5,117,609
Capital Assets Being Depreciated:				
Buildings and Improvements	1,061,891	92,439	(1,550)	1,152,780
Improvements Other Than Buildings	163,080	11,352	(10)	174,422
Machinery, Equipment, and Other	767,334	68,013	(33,584)	801,763
Infrastructure	1,121,227		(1)	1,121,226
Total Capital Assets Being Depreciated	3,113,532	171,804	(35,145)	3,250,191
Less Accumulated Depreciation for:				
Buildings and Improvements	(439,312)	(24,142)	560	(462,894)
Improvements Other Than Buildings	(70,487)	(6,764)	11	(77,240)
Machinery, Equipment, and Other	(473,315)	(72,822)	21,352	(524,785)
Infrastructure	(283,181)	(15,961)		(299,142)
Total Accumulated Depreciation	(1,266,295)	(119,689)	21,923	(1,364,061)
Total Capital Assets Being Depreciated, Net	1,847,237	52,115	(13,222)	1,886,130
Governmental Activities Capital Assets, Net	\$ 6,723,479	\$ 361,097	\$ (80,837)	\$ 7,003,739

* Beginning balances were restated due to prior period adjustments.

Depreciation expense was charged to functions of governmental activities as follows (*dollars in thousands*):

Governmental Activities:	
General Government	\$ 19,238
Public Safety and Correction	14,414
Health and Human Services	29,914
Education	2,488
Economic Development	39,870
Natural Resources	12,490
In addition, depreciation on capital assets held by the State's internal service funds is charged to the various functions based on their usage of the assets	1,275
Total Accumulated Depreciation Increase for Governmental Activities	\$ 119,689

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Business-Type Activities:	Balances at July 1, 2017 As Restated*	Increases	Decreases	Balances at June 30, 2018
Capital Assets not Being Depreciated:				
Land and Land Use Rights	\$ 139,724	\$ 4,281	\$ (1)	\$ 144,004
Capital Assets in Progress	12,901	41,614	(12,583)	41,932
Historical Art and Collections	2,392	37	(6)	2,423
Total Capital Assets not Being Depreciated	155,017	45,932	(12,590)	188,359
Capital Assets Being Depreciated:				
Buildings and Improvements	1,540,529	86,818	(14,173)	1,613,174
Improvements Other Than Buildings	77,915	997		78,912
Machinery, Equipment, and Other	424,872	24,273	(9,189)	439,956
Total Capital Assets Being Depreciated	2,043,316	112,088	(23,362)	2,132,042
Less Accumulated Depreciation for:				
Buildings and Improvements	(623,006)	(41,444)	5,745	(658,705)
Improvements Other Than Buildings	(47,310)	(2,492)	1	(49,801)
Machinery, Equipment, and Other	(339,065)	(23,342)	8,501	(353,906)
Total Accumulated Depreciation	(1,009,381)	(67,278)	14,247	(1,062,412)
Total Capital Assets Being Depreciated, Net	1,033,935	44,810	(9,115)	1,069,630
Business-Type Activities Capital Assets, Net	\$ 1,188,952	\$ 90,742	\$ (21,705)	\$ 1,257,989

* Beginning balances were restated due to prior period adjustments.

Interest incurred during construction is capitalized in enterprise funds. The total cost of interest incurred during the fiscal year was \$16.8 million, of that \$0.4 million was capitalized.

Component Units:	Balances at July 1, 2017 As Restated*	Increases	Decreases	Balances at June 30, 2018
Capital Assets not Being Depreciated:				
Land	\$ 7,723	\$ 22	\$ (1,726)	\$ 6,019
Capital Assets in Progress	516	1,404	(1,730)	190
Intangible Assets	12			12
Total Capital Assets not Being Depreciated	8,251	1,426	(3,456)	6,221
Capital Assets Being Depreciated:				
Buildings and Improvements	99,554	3,401	(14,379)	88,576
Improvements Other Than Buildings	533	226		759
Machinery, Equipment, and Other	53,260	3,404	(133)	56,531
Total Capital Assets Being Depreciated	153,347	7,031	(14,512)	145,866
Less Accumulated Depreciation for:				
Buildings and Improvements	(41,620)	(3,664)	1,259	(44,025)
Improvements Other Than Buildings	(179)	(30)		(208)
Machinery, Equipment, and Other	(29,216)	(15,047)	61	(44,202)
Total Accumulated Depreciation	(71,015)	(18,741)	1,320	(88,435)
Total Capital Assets Being Depreciated, Net	82,332	(11,710)	(13,192)	57,431
Component Unit Activities Capital Assets, Net	\$ 90,583	\$ (10,284)	\$ (16,648)	\$ 63,652

* Beginning balances were restated due to prior period adjustments.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 7. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

The Deferred Outflows of Resources and Deferred Inflows of Resources line items on the government-wide Statement of Net Position and governmental funds Balance Sheet contain aggregated types of deferrals.

The following tables disaggregate the deferrals.

See Note 3 for further details regarding derivative-related deferrals, Note 8 for pension-related deferrals, and Note 9 for OPEB-related deferrals.

A. Deferred Outflows of Resources – Government-Wide (dollars in thousands)

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Debt Defeasance	\$ 3,926	\$ 8,411	
Hedging Derivatives			
Interest Rate Swap Contracts - Amortized			\$ 29,599
Interest Rate Swap Contracts - Fair Value	2,400		8,884
Pension-Related			
Contributions Subsequent to Measurement Date	75,692	14,832	
Proportionate Share	66,500	11,488	
OPEB-Related			
Contributions Subsequent to Measurement Date	10,183	2,429	
Proportionate Share			
Total Deferred Outflows of Resources	\$ 158,701	\$ 37,160	\$ 38,483

B. Deferred Inflows of Resources – Government-Wide (dollars in thousands)

	Primary Government		Component Units
	Governmental Activities	Business-Type Activities	
Debt Defeasance		\$ 10	
Hedging Derivatives			
Interest Rate Swap Contracts - Fair Value			\$ 4,363
Imposed Nonexchange Revenue	\$ 2,502		
Nonexchange Transactions		157	
Pension-Related			
Proportionate Share	61,330	11,820	
OPEB-Related			
Proportionate Share		1,443	
Service Concession Arrangement		42,451	
Unavailable Revenue	(7)		
Other Deferred Inflows		10,000	4,877
Total Deferred Inflows of Resources	\$ 63,825	\$ 65,881	\$ 9,240

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

C. Deferred Inflows of Resources – Governmental Funds (*dollars in thousands*)

	Governmental Funds			
	General	Health and Welfare	Transportation	Nonmajor Governmental
Imposed Nonexchange Revenue				\$ 2,502
Unavailable Revenue	\$ 194,434	\$ 164,277	\$ 8,600	24,884
Total	<u>\$ 194,434</u>	<u>\$ 164,277</u>	<u>\$ 8,600</u>	<u>\$ 27,386</u>

NOTE 8. PENSION PLANS**A. Summary of Plans Administered by the Public Employee Retirement System of Idaho****General**

The Public Employee Retirement System of Idaho (PERSI) administers the PERSI Base Plan, the Judges' Retirement Fund (JRF), the Firefighters' Retirement Fund (FRF), and two defined contribution retirement plans. A retirement board appointed by the Governor and confirmed by the State Senate manages the PERSI, which includes selecting the funding agents, establishing funding policy, and setting contribution rates. The PERSI issues a publicly available financial report that includes financial statements and required supplementary information, which can be found at the following website: (http://www.persi.idaho.gov/investments/annual_financial_report.cfm). The PERSI also provides a 'Schedule of Employer Allocations and Collective Pension Amounts' for the Base Plan and the FRF, which can be found at (<http://www.persi.idaho.gov/employers/GASB.cfm>).

Summary of Significant Accounting Policies

The PERSI basic financial statements are prepared using the economic resource measurement focus and accrual basis of accounting. Employee and employer contributions are recognized as additions to net position when due and receivable; investment income is recognized when earned; and benefit payments, refunds, and other expenses are recorded when the benefits are due and payable in accordance with the plans' terms. For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERSI Base Plan and JRF and additions/deductions from PERSI's and JRF's fiduciary net position have been determined on the same basis as they are reported by PERSI.

Investments are presented at fair value. Purchases and sales are recorded at the trade date. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments of matching duration. The fair value of real estate investments is based on industry practice. For recent acquisitions, cost closely approximates fair value. The fair value of longer-term real estate holdings is estimated based on the PERSI's consultant assessments and/or independent appraisals. Short-term investments are reported at fair value when published market prices and quotations are available, or at cost plus accrued interest, which approximates fair value. The fair values of private equity limited partnership investments by their nature have no readily ascertainable market prices. Similar to real estate, cost closely approximates fair value for recent acquisitions. Thereafter,

the fair values of limited partnership funds are based on the valuations as presented by the general partner, approved by the funds' advisory committee, and reviewed by consultants. Investments of the PERSI Base Plan, JRF, and FRF are pooled for investment purposes.

Actuarial Assumptions

The last actuarial valuation was performed as of July 1, 2017, for the Base Plan, and FRF; and as of July 1, 2018, for the JRF.

The entry age normal cost method and the following actuarial assumptions applied to all periods included in the measurement:

	Base Plan	JRF
Inflation	3.25%	3.00%
Salary Increases*	4.25-10.00%	3.75%
Salary Inflation	3.75%	3.75%
Investment Rate of Return**	7.10%	7.05%
Cost of Living Adjustments	1.00%	1.00% or 3.75%

*There is an additional component of assumed salary grown (on top of the 3.75%) that varies for each individual member based on years of service.

**Net of pension plan investment expense.

Mortality Rates

Base Plan actuarial assumptions were based on an experience study performed for the period 2007 through 2013; the study reviewed all economic and demographic assumptions other than mortality. JRF actuarial assumptions were based on the results of an experience study for the period July 1, 2009 through July 1, 2013. Mortality and all economic assumptions for the Base Plan were studied in 2014 for the period from July 1, 2009 through June 30, 2013. Mortality and all economic assumptions for the JRF were studied in 2014 for the period July 1, 2009 through June 30, 2013.

Mortality rates were based on the RP-2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back three years for teachers (Base Plan)
- No offset for male fire and police (Base Plan)
- Forward one year for female fire and police (Base Plan)
- Set back one year for all general employees and all beneficiaries (Base Plan)
- Set back one year for males and females (JRF)

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and

by adding expected inflation.

The PERSI used the 2015 Callan Associates capital market assumptions for the Base Plan and the January 1, 2018 Callan Associates capital market assumptions for the JRF in analyzing asset allocation. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Long-term expected rates of return on investments are shown below:

Base Plan Long-Term Expected Rate of Return			
Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return (Arithmetic)	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	30.00 %	3.05 %	0.80 %
Broad US Equities	55.00 %	8.30 %	6.05 %
Developed Foreign Equities	15.00 %	8.45 %	6.20 %
Actuarial Assumptions			
Assumed Inflation - Mean			3.25 %
Assumed Inflation - Standard Deviation			2.00 %
Portfolio Arithmetic Mean Return			8.08 %
Portfolio Long-Term (Geometric) Expected Rate of Return			7.50 %
Assumed Investment Expenses			0.40 %
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.10%

JRF Long-Term Expected Rate of Return			
Asset Class	Index	Target Allocation*	Long-Term Expected Real Rate of Return (Arithmetic)**
Large Cap	S&P 500	18.00%	4.50 %
Small/Mid Cap	Russell 2500	11.00%	4.75 %
International Equity	MSCI World ex USA	15.00%	4.50 %
Emerging Markets Equity	MSCI Emerging Markets	10.00%	4.75 %
Domestic Fixed	Bloomberg Barclays Aggregate	20.00%	0.75 %
TIPS	Bloomberg Barclays TIPS	10.00%	0.75 %
Real Estate	Callan Real Estate Database	8.00%	3.50 %
Private Equity	TR Post Venture Capital	8.00%	5.10 %
Portfolio Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.19 %
Portfolio Standard Deviation			14.16 %
Valuation Assumptions Chosen by PERSI Board			
Long-Term Expected Real Rate of Return, Net of Investment Expenses			4.05 %
Assumed Inflation			3.00 %
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses			7.05%
*As outlined in PERSI's investment policy.			
**Net of investment expenses.			

Discount Rate

The actuary used a discount rate of 7.10 percent to measure the total pension liability for the Base Plan and a discount rate of 7.05 percent (a 0.05 percent decrease from the prior measurement date) to measure the total pension liability for the JRF plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Base Plan's and JRF's net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

1. PERSI Base Plan

Plan Description

Organization and Purpose

The PERSI Base Plan is a cost-sharing, multiple-employer defined benefit retirement plan. The Base Plan is governed by Idaho Code Title 59 Chapter 13.

Membership

State agencies, school districts, cities, counties, highway districts, water and sewer districts, and other political subdivisions contribute to the PERSI Base Plan. Participation is mandatory for state employees who normally work 20 or more hours a week for 5 or more consecutive months. The number of participating employer units were 797 and 783 for the fiscal years ending June 30, 2018 and 2017, respectively.

Benefits

The annual service retirement allowance for each month of credited service is 2 percent (2.3 percent for police/firefighters) of the average monthly salary for the highest consecutive 42 months. In addition, benefits are provided for disability or death, and to survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the age specified for their employment classification or a combination of age plus service.

The benefit payments are calculated using a benefit formula adopted by the Idaho Legislature. The PERSI Base Plan is required to provide a 1 percent minimum cost of living increase per year on the condition the Consumer Price Index increases 1 percent or more. The PERSI Retirement Board has the authority to provide higher cost of living increases

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

to a maximum of the Consumer Price Index movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to approval by the Legislature.

Funding Policy*Funding and Contributions*

Funding policy for the PERSI Base Plan is determined by the Board as defined by Idaho law. The Board may make periodic changes to employer and employee contributions based upon actuarially-determined rates that are adequate to accumulate sufficient assets to pay benefits when due. Actuarially-determined rates are expressed as percentages of annual covered payroll.

Level percentages of payroll normal costs are determined using the entry age normal cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The PERSI Base Plan amortizes any net pension liability based on a level percentage of payroll. The maximum amortization period permitted under Idaho Code Section 59-1322 is 25 years.

Contributions from members and employers, in addition to earnings from investments, fund the PERSI Base Plan benefits. Member and employer contributions are percentages of member compensation. As defined by state law, the member contribution rate is a percentage of the employer contribution rate. Employer contribution rates are recommended by periodic actuarial valuations and are subject to the approval of the PERSI Retirement Board and limitations set forth in state statute. Contributions are based on actuarial assumptions, benefit formulas, and employee groups of the PERSI. Costs of administering the plans are financed through the contributions and investment earnings of the System.

Contribution rates for the year:

Employee Group	Employer	Employee
General	11.32%	6.79%
Police and Fire	11.66%	8.36%

Employer contributions required and paid were \$90.7 million and \$90.6 million for the fiscal years ended June 30, 2018 and 2017, respectively.

Although enrollees in the College and University Optional Retirement Plan no longer belong to the PERSI, the colleges and universities are required to contribute to the PERSI Base Plan through July 1, 2025. The contribution rate for the year was 1.49 percent for colleges and universities.

Vesting

After five years of credited service (five months for elected or appointed officials), members become fully vested in retirement benefits earned to date. Upon termination of employment, accumulated member contributions plus interest are refundable. The interest was compounded monthly per annum and accrued at 11.03 percent from January 1, 2018 through June 30, 2018, and at 1.29 percent from July 1, 2017 through December 31, 2017. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

Net Pension Liability, Pension Expense, and Deferrals

At June 30, 2018, the total net pension liability amount for all employers that contributed to the Base Plan was \$1.6 billion. At June 30, 2018, the State recognized a \$405.2 million liability (25.8 percent proportion of the collective net pension liability), measured at June 30, 2017, a 0.3 percent increase from its proportion measured at June 30, 2016. Employer proportionate shares were determined utilizing a single-period measure of contributions as of June 30, 2017. The State also recognized a \$66.3 million pension expense and the following deferred outflows of resources and deferred inflows of resources:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

PERSI Base Plan
as of June 30, 2018
(dollars in thousands)

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Difference between expected & actual experience	\$ 56,083	\$ 36,472
Changes of assumptions	7,487	
Changes in proportion	13,907	11,052
Net difference between projected & actual investment earnings		24,255
Contributions subsequent to the measurement date	90,739	
Total	\$ 168,216	\$ 71,779

*For fiscal year 2018, the total deferred outflows and total deferred inflows in this table do not tie to the pension deferred outflows and deferred inflows in Note 7. This is primarily due to timing differences between the information for this table that comes from the PERSI, and the information in Note 7 that, in part, comes from the Dairy Products Commission, the Potato Commission, and the State Bar. Those entities report on a different year-end than the PERSI and the State.

The \$90.7 million reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows (*dollars in thousands*):

Amortized Deferrals	
Fiscal Year	Expense (Revenue)
2019	\$ (21,145)
2020	38,898
2021	11,262
2022	(23,318)
2023	0
Total	\$ 5,697

Discount Rate Sensitivity

The following presents the net pension liability of the State calculated using the expected discount rate of 7.1 percent and discount rates based upon a 1 percent discount rate decrease and a 1 percent discount rate increase (*dollars in thousands*):

1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
\$ 940,921	\$ 404,836	\$ (40,666)

2. Judges' Retirement Fund**Plan Description***Organization and Purpose*

The Judges' Retirement Fund (JRF) is a single-employer

defined benefit retirement plan, which provides retirement benefits for Idaho Supreme Court justices, court of appeals judges, and district court judges. The JRF is managed by the PERSI and is governed in accordance with Idaho Code Title 1 Chapter 20.

Membership and Vesting

Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the retirement plan prior to four years of service, the member's contributions plus 6.5 percent per annum will be returned. Members are eligible for retirement benefits upon meeting one of the following criteria:

- Attainment of age 65 and a minimum of 4 years of service
- Attainment of age 60 and a minimum of 10 years of service
- Attainment of age 55 and a minimum of 15 years of service
- After 20 years of service

The JRF has 102 retired members or beneficiaries collecting benefits, 1 terminated member entitled to, but not yet receiving benefits, and 53 active members.

Benefits

The benefit structure is based on each member's years of service and compensation. In addition, benefits are provided for disability or death, and to survivors of eligible members. The benefit payments for the JRF are calculated using a benefit formula adopted by the Idaho Legislature, effective July 1, 2000. Members serving prior to July 1, 2000 and who were receiving benefits from the judges' retirement fund before July 1, 2000, for such service, and members who assumed office on or after July 1, 2012, and attained both the age of 55 years and a minimum service of 15 years, are paid under Option A. Other members

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

serving on or after July 1, 2000, who meet one of the remaining eligibility requirements referenced earlier, may choose between two benefit payment options, A or B. Both options are based upon current annual compensation of the highest office in which the member served, with benefits for Option A accumulating as follows:

For the first 10 years of service, benefits are credited at 5 percent per year of the member's compensation.
For the remaining years of service, benefits are credited at 2.5 percent per year of the member's compensation.

In addition to the above benefits, Option B includes:

Benefits credited at 12.5 percent per year for senior judges with five years of service.

The maximum benefit is 75 percent of compensation. Additionally, members who begin service on or after July 1, 2012 are eligible to receive annual inflationary adjustments to calculated benefits in accordance with Idaho Code Section 59-1355. After four years of credited service, any member retiring by reason of disability will be entitled to benefits calculated using Option A. Upon the death of retired or sitting members who assumed office prior to July 1, 2012, surviving spouses will be entitled to benefits equal to 50 percent of the member's calculated benefit. Surviving spouses of members who assumed office on or after July 1, 2012 are entitled to benefits equal to 30 percent of the member's calculated benefit.

Summary of Significant Accounting Policies

Generally speaking, significant accounting policies, actuarial assumptions, and discount rate information are the same as detailed for the PERSI. This information can be found at the beginning of this note.

Contribution Requirements

The JRF's benefits are funded by contributions from members and the Judicial Department and earnings from investments. Costs of administering the JRF are financed through the contributions and investment earnings of the JRF.

Members and the Department contribute to the JRF during the members' first 20 years of employment. Member and Department contributions are a percentage of member compensation as defined by state law. The JRF policy

provides for Department and member contributions at 55.3 percent and 10.2 percent, respectively, of annual covered payroll. The payroll for members covered by the JRF was approximately \$6.2 million for the fiscal year.

Investments

Policies and Procedures

The Board utilizes and directs individual fund managers to provide whatever investment management and custodial functions the Board has determined best achieves the System's investment objectives. Each fund manager is generally granted full discretion in making investment decisions within asset allocation policy, portfolio investment policy, specific investment guidelines, and other special restrictions set by contract with the Board. The Board monitors overall investment performance and periodically evaluates the performance of each fund manager. The Board is empowered in its sole discretion to limit, control, and designate the types and amounts of investments.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 8.51 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Net Pension Liability, Pension Expense, and Deferrals

Net Pension Liability

Net pension liability components as of the measurement date of June 30, 2018 (*dollars in thousands*):

Total Pension Liability	\$ 106,756
Plan Fiduciary Net Position	(88,071)
Net Pension Liability	<u>\$ 18,685</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.5%
Covered Payroll	\$ 6,178
Net Pension Liability as a Percentage of Covered Payroll	302.4%

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Changes in net pension liability for the fiscal year ended June 30, 2018 (*dollars in thousands*):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balances	\$ 103,557	\$ 82,936	\$ 20,621
Changes for the Year			
Service Cost	2,963		2,963
Interest*	7,329		7,329
Benefit Changes			
Economic/Demographic Gains (Losses)	(890)		(890)
Assumptions Changes	489		489
Benefit Payments, Including Refunds	(6,692)	(6,692)	0
Contributions - Employer		4,279	(4,279)
Contributions - Employee		715	(715)
Net Investment Income		6,938	(6,938)
Transfer In			
Administrative Expense		(105)	105
Net Changes	3,199	5,135	(1,936)
Ending Balances	\$ 106,756	\$ 88,071	\$ 18,685

*Includes interest on total pension liability, service cost and benefit payments

Pension Expense and Deferrals

The State recognized a \$4.0 million pension expense and the following deferrals for the fiscal year ended June 30, 2018 (*dollars in thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ 53	\$ 572
Changes of assumptions	315	
Net difference between projected & actual investment earnings		845
Contributions subsequent to the measurement date		
Total	\$ 368	\$ 1,417

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense (revenue) as follows (*dollars in thousands*):

Year	Expense (Revenue)
2019	\$ 425
2020	(257)
2021	(994)
2022	(223)
2023	0
	\$ (1,049)

Discount Rate Sensitivity

The following presents the net pension liability of the JRF calculated using the discount rate of 7.05 percent, as well as what the employer's liability would be if it were calculated using a discount rate that is 1 percent lower or 1 percent higher than the current rate as of June 30, 2018 (*dollars in thousands*):

1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
\$ 29,315	\$ 18,685	\$ 9,571

3. Firefighters' Retirement Fund***Plan Description***

The FRF is a closed cost-sharing multiple-employer defined benefit retirement plan. The FRF is governed by Idaho Code Title 72 Chapter 14. The FRF is administered by the PERSI, which is part of the primary government. However, the State does not employ firefighters participating in the FRF; therefore, no employer costs are disclosed. Twenty-two employer units, all consisting of local fire departments, participated in the FRF. The significant accounting policies are the same as detailed for the PERSI. Complete FRF disclosures may be found in the PERSI financial statements.

4. Defined Contribution Retirement Plans***Plan Description******Organization and Purpose***

The defined contribution retirement plans include the 401(k) and the 414(k). The plans are governed by Idaho Code Title 59 Chapter 13. The 414(k) plan was established for gain-sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan and is subject to board approval.

Membership

The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires 12 months of active PERSI membership as defined in Idaho statutes and PERSI rules. The plans have 797 employer units eligible to have participating employees.

Summary of Significant Accounting Policies

The assets of the 401(k) and the 414(k) plans are commingled for investment and recordkeeping purposes. The other significant accounting policies are the same as for the PERSI.

Funding Policy***Contributions***

Employees in the 401(k) plan can make tax-deferred contributions up to 100 percent of their gross salary, less deductions, and subject to the IRS annual contribution limit; employees are immediately vested. Participants direct their investment mix with limited restrictions and may elect to change their salary deferrals. Additionally, the 401(k) plan is open to voluntary employer matching contributions at rates determined by the employers. Employers (participants) in the plans contributed \$6.0 (\$52.1), \$5.5 (\$48.3) million, and \$4.8 (\$45.3) million during fiscal years 2018, 2017, and 2016, respectively.

B. Other State-Sponsored Retirement Plans**1. College and University Optional Retirement Plan*****Plan Description******Organization and Purpose***

Effective July 1, 1990, the State Legislature authorized the Idaho State Board of Education to establish the Optional Retirement Plan (ORP), a defined contribution plan for college and university faculty and exempt employees. The ORP is governed by Idaho Code Sections 33-107A and 33-107B and administered by the Idaho State Board of Education. Vendor options include Teachers' Insurance and Annuity Association (TIAA) and Variable Annuity Life Insurance Company (VALIC). TIAA and VALIC may be reached at (888) 842-7782 and (888) 478-7020, respectively.

Membership

Faculty and exempt employees hired July 1, 1990, or thereafter, automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1990, had a one-time opportunity to enroll in the ORP.

Funding Policy***Contributions and Vesting***

The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State. The contribution requirement and amount paid for the fiscal year was \$54.4 million, which consisted of \$31.1 million from the colleges and universities and \$23.3 million from employees.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age.

2. Department of Labor Retirement Plan***Plan Description******Organization and Purpose***

This stand-alone, defined benefit, insured retirement plan provides retirement benefits for certain employees (and their beneficiaries) of the Idaho Department of Labor hired prior to October 1, 1980, excluding anyone hired after age 65. The Plan is governed by Idaho Code Section 72-1335 and U.S. Department of Labor Rules and Regulations. The Labor Retirement Plan is administered by the Idaho Department of Labor, which may be reached at (208) 332-3570.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Membership

As of September 30, 2017, the number of Idaho Department of Labor members and actual benefit recipients are as follows:

Retirees and Beneficiaries	295
Inactive Participants	1
Current Active Employees	5
Total	301

Benefits

Retirement benefit payments are calculated using a benefit formula established in the Plan. This monthly benefit is payable for life, through an annuity purchased for each retired employee from Prudential Insurance Company, with 120 payments guaranteed to the annuitant or their survivor. Upon the purchase of an annuity, Prudential assumes the risk for the insured benefit and has guaranteed to pay benefits in the event the trust funds are depleted. The Plan provides that the contributions paid by the employer to Prudential are in complete discharge of the employer's financial obligation under the Plan. At September 30, 2017, the last actuarial valuation date, no unfunded liability existed. The normal service retirement allowance is the average annual salary for the highest three consecutive

years times 2 percent for each year of credited service.

As of September 30, 2017, the present value of future retirement benefits is \$91.0 million. The actuary assumed a 4.5 percent average rate of return in determining the actuarial present value of accumulated plan benefits. Net position available for benefits (at fair value) is \$178.6 million.

Funding Policy**Contributions**

Since September 30, 1997, plan assets have exceeded the actuarial present value of future benefit payments for all members. In accordance with plan requirements, employees continued to contribute 7 percent of payroll even though contributions were not actuarially needed to finance future benefits. However, in August 1999, the U.S. Department of Labor approved a plan change to allow the plan actuary to determine the employee contribution rate. Employee contributions have since been suspended through September 30, 2018, consistent with recent actuarial valuations. The current valuation certified that the total contribution rate should remain at zero through September 30, 2019. Total employer contribution for federal fiscal year 2018 was zero.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**A. Summary of Plans**

The Department of Administration administers other post-employment benefits (OPEB) for healthcare, disability, and life insurance for retired or disabled employees of State agencies, public health districts, community colleges, and other political subdivisions that participate in the plans. The Retiree Healthcare and Long-Term Disability plans are reported as multiple-employer defined benefit plans. The Retiree Life Insurance plan is a single-employer defined benefit plan. Idaho Code Sections 67-5760 to 67-5768 and 72-1335 establish the benefits and contribution obligations. The plans do not issue publicly available financial reports. The most recent actuarial valuation is as of July 1, 2016. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis. The costs of administering the plans were financed by a surcharge to employers on all active employees of \$0.09 and \$0.07 per person per month for fiscal years 2017 and 2018, respectively. The rate is reviewed annually.

The Public Employee Retirement System of Idaho (PERSI) administers the Sick Leave Insurance Reserve Fund (SLIRF) which is subject to the guidance of GASB Statements No. 74, 75, and 85.

The University of Idaho administers a single-employer defined benefit plan which provides medical, dental, and life insurance. The benefits may be amended by the University or the State Board of Education. The University issues a publicly available financial report which includes financial statements and required supplementary information for these benefits. The report may be obtained by writing to Office of the General Counsel, University of Idaho, 875 Perimeter Drive, MS 4264, Moscow, ID 83844-4264. The most recent actuarial valuation is as of May 1, 2017. The University established a trust to fund the medical and dental portions of these benefits. The trust statements are for the fiscal year ended December 31, 2017.

The following table shows the number of participating employers and the classes of employees covered by the various plans, with the exception of the University of Idaho plan which is shown later in this note.

Classes of Employees and Number of Participating Employers					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan
		Healthcare	Life Insurance	Income	
Active Employees	9,301	19,520			5,610
Retired/Disabled Employees	681	141	389	64	1,488
Terminated, Vested Employees					110
Number of Participating Employers	25	25	25	25	1

1. State OPEB Plans***Plan Descriptions and Funding Policy******Retiree Healthcare Plan***

A retired officer or employee of a state agency, department, institution, or other political subdivision, including an elected official, who receives monthly retirement benefits from the Public Employee Retirement System of Idaho (PERSI) may elect to purchase retiree health insurance coverage for themselves and eligible dependents. Additionally, the employee must be receiving monthly PERSI pension benefits at the time of retirement and must have 10 or more years (20,800 or more hours) of credited service. An officer or employee must have been an active employee on or before June 30, 2009, and must retire directly from state service. Coverage is not available to Medicare-eligible retirees or their Medicare-eligible dependents. Retirees eligible for medical health insurance

pay the majority of the premium cost; however, the retiree plan costs are subsidized by the active employee plan. The benefit is at least \$1,860 per retiree per year. The retired plan members contribution percentage of the total premium cost increased from 73.7 percent in 2017 to 83.9 percent in 2018. In 2018, employers were charged \$15.92 per active employee per month towards the retiree premium cost, or 16.1 percent of the total cost of the retiree plan, compared to \$16.14 per active employee per month or 26.3 percent of the total cost of the retiree plan in 2017.

Long-Term Disability Plan

Disabled employees are defined as persons unable to perform each of the substantial and material duties of the job for which they were hired and unable to earn more than 70 percent of their monthly salary for the first 30 months of disability. If after 30 months the employee is unable to perform any job for which they are reasonably qualified by

Notes to the Financial Statements**For the Fiscal Year Ended June 30, 2018**

experience, education, or training, and unable to earn more than 60 percent of their monthly salary, the employee is considered totally disabled. To qualify for long-term disability benefits, the waiting period of the longer of 26 continuous weeks of total disability or exhaustion of accrued sick leave must be met.

For up to 6 months following the date of disability an employee may continue healthcare coverage under this plan. The employer's share of the premium is paid from the Office of Group Insurance reserve. The employee is required to pay the normal active employee contribution to the plan and rate category for which the employee is enrolled. In fiscal years 2017 and 2018, employers were charged \$10.53 and \$4.86 per active employee per month, respectively, to fund the reserve.

The plan provides long-term disability income benefits to active employees who become disabled, generally up to a maximum age of 70. The gross benefit equals 60 percent of monthly pre-disability salary or \$4,000, whichever is less. The benefit does not increase with inflation and may be offset by benefits from Social Security, Workers' Compensation, or PERSI. The State is self-insured for employees who became disabled prior to July 1, 2003; the State pays 100 percent of the cost of this benefit. The amount of the contribution is based on active claims and the number of insured individuals.

Principal Life Insurance Company insures employees disabled on or after July 1, 2003, and the obligation for the payment of income benefits has been effectively transferred. The employer pays 100 percent of the cost of the premiums; the contribution rate for fiscal years 2017 and 2018 was 0.264 percent and 0.290 percent of payroll, respectively. The employers' current-year OPEB expense/expenditure was \$2.6 million and \$3.0 million in fiscal years 2017 and 2018, respectively. This portion of the long-term disability income benefit is not included in the actuarial estimate as this is considered an insured benefit.

The plan also provides basic life insurance and dependent life insurance to disabled employees, generally up to a maximum age of 70. The life insurance benefit amount is generally 100 percent of annual salary, but not less than \$20,000. In addition, the plan provides a \$2,000 life insurance benefit for spouses and a \$1,000 life insurance benefit for dependent children. These benefits do not increase with inflation. The State is self-insured for employees who became disabled prior to July 1, 2012; the employer pays 100 percent of the cost.

Principal Life Insurance Company insures employees disabled on or after July 1, 2012, and the obligation for the payment of basic life and dependent life coverage benefits has been effectively transferred. The employer pays

100 percent of the premiums, which are included in the current-year expense/expenditure amount for long-term disability income insured benefits provided in the previous paragraph.

Retiree Life Insurance Plan

Boise State University, Eastern Idaho Technical College, Idaho State University, and Lewis-Clark State College provide basic life insurance to certified retired employees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for this benefit. Eligible retirees receive basic life insurance coverage equal to 100 percent of their annual salary at retirement.

The Judicial Department provides basic life insurance for life to all retired Idaho Supreme Court justices, State Court of Appeals judges, district court judges, magistrate judges, and court administrators. Eligible retirees receive life insurance coverage equal to 100 percent of the annual salary of the position from which they retire.

The Department of Labor provides basic life insurance to all certified retired employees of the Department. Eligible retirees receive insurance equal to 50 percent of their annual salary at retirement, not to exceed \$5,000.

These participating agencies pay 100 percent of the cost of basic life insurance for eligible retirees.

Summary of Significant Accounting Policies

The financial statements of the OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, regardless of the timing of cash flows.

Actuarial Assumptions

The last actuarial valuation was performed as of July 1, 2016, and projected forward to June 30, 2017 for the Retiree Healthcare, Long-Term Disability and Retiree Life Insurance plans. There have been no significant changes between the valuation date and the fiscal year end. Actuarial valuations are performed biennially as of July 1 for accounting purposes only.

The total OPEB liability as of June 30, 2017 was based on the 2016 PERSI Experience study for demographic assumptions and the July 1, 2016 OPEB Valuation for the economic and OPEB specific assumptions.

The entry age normal cost method and the following actuarial assumptions and other inputs applied to all periods included in the measurement:

	Long-Term Disability Plan				
	Retiree Healthcare Plan	Healthcare	Life Insurance	Income	Retiree Life Insurance Plan
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity	3.00% general wage growth plus increases due to promotions and longevity
Discount Rate	3.58%	3.58%	3.58%	3.58%	3.58%
Healthcare Cost Trend Rates	9.9% claims and 3.8% premiums from year ending June 30, 2017 to year ending June 30, 2018, grading to an ultimate rate of 4.2% for 2096 and later years	9.9% claims and 3.8% premiums from year ending June 30, 2017 to year ending June 30, 2018, grading to an ultimate rate of 4.2% for 2096 and later years	N/A	N/A	N/A
Retirees' Share of Benefit-Related Costs	73.7% of projected health insurance premiums for retirees	N/A	N/A	N/A	N/A

Mortality Rates

Mortality rates for the Retiree Healthcare, the Long-Term Disability Healthcare, and the Retiree Life Insurance plans were based on the RP-2000 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale AA with adjustments. Mortality rates for the Long-term Disability Life Insurance plan was based on the 2005 Group Term Life Waiver Reserve table developed by the Society of Actuaries. Mortality rates for the Long-term Disability Income plan was based on the 2012 Group Long-Term Disability Valuation Table.

Discount Rate

The actuary used a discount rate of 3.58 percent to measure the total OPEB liability. The discount rate was based on 20 year Bond Buyer Go Index.

Total OPEB Liability, OPEB Expense, and Deferrals**Total OPEB Liability**

The ending balance in the following table represents the State's total OPEB liability as of the measurement date of June 30, 2017 and recorded in fiscal year 2018. The State's proportionate share of the liability is 92.5 percent of the collective total OPEB liability for the Retiree Healthcare and Long-Term Disability plans. Employer proportionate shares were determined utilizing a single-period measure of benefit payments as of June 30, 2017.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

The table illustrates the changes in total OPEB liability for the fiscal year ended June 30, 2018 (*dollars in thousands*):

	Increase (Decrease)					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
Beginning Balances	\$ 32,738	\$ 3,358	\$ 3,050	\$ 2,168	\$ 57,514	\$ 98,828
Changes for the Year						
Service Cost	1,264	199			2,097	3,560
Interest on Total OPEB Liability	1,166	101	99	71	2,114	3,551
Plan Changes						
Economic/Demographic Gains (Losses)						
Assumptions Changes						
Expected Benefit Payments	(2,842)	(1,515)	(561)	(366)	(1,136)	(6,420)
Net Changes	(412)	(1,215)	(462)	(295)	3,075	691
Ending Balances	<u>\$ 32,326</u>	<u>\$ 2,143</u>	<u>\$ 2,588</u>	<u>\$ 1,873</u>	<u>\$ 60,589</u>	<u>\$ 99,519</u>

OPEB Expense and Deferrals

The State recognized the following OPEB expense and deferrals for the year ended June 30, 2018 (*dollars in thousands*):

	Increase (Decrease)					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
OPEB Expense	\$ 2,430	\$ 300	\$ 99	\$ 71	\$ 4,211	\$ 7,111

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

	Increase (Decrease)*					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
Deferred Outflows						
Difference between Expected & Actual Experience						
Changes of Assumptions						
Benefit Payments Subsequent to the Measurement Date	\$ 1,005	\$ 1,292	\$ 2,256	\$ 317	\$ 816	\$ 5,686
Total Deferred Outflows	<u>\$ 1,005</u>	<u>\$ 1,292</u>	<u>\$ 2,256</u>	<u>\$ 317</u>	<u>\$ 816</u>	<u>\$ 5,686</u>
Deferred Inflows						
Difference between Expected & Actual Experience						
Changes of Assumptions						
Total Deferred Inflows	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

*For fiscal year 2018, the total deferred outflows in this table do not tie to the OPEB deferred outflows in Note 7. This is primarily due to State Bar, the Dairy Commission, and the Potato Commission reporting on a different year-end than the State. Those entities issued financial statements prior to the effective date of GASB Statement No. 75.

The total of \$5.7 million reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended

June 30, 2019. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows (*dollars in thousands*):

Fiscal Year	Expense (Revenue)*					
	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
2019						
2020						
2021						
2022						
2023						
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

*Because fiscal year 2018 is the first year of implementation of GASB Statement No. 75, there are no deferred inflows and deferred outflows of resources to be recognized as OPEB expense or revenue in future years.

Discount Rate Sensitivity*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the State calculated using the discount rate of 3.58 percent, as well

as what the State's total OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.58%) or 1 percent higher (4.58%) than the current rate (*dollars in thousands*):

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
1% Decrease 2.58%	\$ 34,291	\$ 2,202	\$ 2,713	\$ 1,959	\$ 74,290	\$ 115,455
Discount Rate 3.58%	\$ 32,325	\$ 2,142	\$ 2,587	\$ 1,873	\$ 60,589	\$ 99,516
1% Increase 4.58%	\$ 30,454	\$ 2,080	\$ 2,472	\$ 1,794	\$ 50,134	\$ 86,934

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the State calculated using the current healthcare cost trend rates as

well as what the State's total OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trend rates (*dollars in thousands*):

	Retiree Healthcare Plan	Long-Term Disability Plan			Retiree Life Insurance Plan	Total
		Healthcare	Life Insurance	Income		
1% Decrease	\$ 29,391	\$ 1,974	\$ 2,587	\$ 1,873	\$ 60,589	\$ 96,414
Current Trend Rate	\$ 32,325	\$ 2,142	\$ 2,587	\$ 1,873	\$ 60,589	\$ 99,516
1% Increase	\$ 35,714	\$ 2,330	\$ 2,587	\$ 1,873	\$ 60,589	\$ 103,093

2. University of Idaho OPEB Plan***Plan Description***

The University of Idaho administers an OPEB plan for permanent full-time general employees. Management of the OPEB is overseen by University of Idaho administration. The University established the Retiree Benefits Trust (RBT) in 2008 to fund the future payments required for its OPEB obligation. The RBT is an independent, irrevocable trust administered on behalf of the University. Funding and payment of the annual, ongoing retiree medical, dental and pharmaceutical benefits through the University's Health Benefits Trust (HBT) apply toward the ongoing annual funding required of the RBT. The HBT is administered by a board of four trustees who are members of the University's active staff and faculty. This trust account is maintained under the sole control of the HBT board of trustees. The University as employer retains authority for establishing and amending benefits under this self-insured health plan.

The University plan provides medical and dental benefits to eligible retirees, disabled employees, spouses, and survivors; life insurance is provided only to retirees. In general, the employee must have completed at least 30 years of credited service or the sum of his/her age and years of credited service must total at least 80 to qualify for these benefits. The University pays a portion of the coverage for

retirees and disabled employees; the retiree or disabled employee pays the remainder. Spouses and survivors are required to pay 100 percent of the cost for the medical and dental benefits.

Employees hired after January 1, 2002 are eligible to participate in the University's health insurance plan; however, the employee pays the entire cost of the premiums. Employees are eligible to convert 50 percent of unused accrued sick time, up to 600 hours, to pay for their medical premiums.

The University of Idaho contributes the Actuarial Determined Contribution (ADC) (previously the Annual Required Contribution under GASB Statement No. 45) to fund the future payments required to provide OPEB.

At the end of each fiscal year, the University of Idaho deposits the excess of the ADC over the amount of actual benefit payments net of retiree contributions into the Retiree Benefits Trust. After the University has paid off the entire Net OPEB Liability under the 20-year closed level dollar amortization funding policy, contributions will be equal to the annual normal cost. The employer contributed \$2.7 million to the plan in fiscal year 2018.

The University's plan membership at May 1, 2017 is as follows:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

	Medical	Dental	Life	Sick-Leave
Retired members or beneficiaries currently receiving benefits	815	190	663	60
Vested terminated members entitled to but not yet receiving benefits	N/A	N/A	N/A	N/A
Active members	575	575	38	2,039
Total	1,390	765	701	2,099

Summary of Significant Accounting Policies

The financial statements of the OPEB plans are reported using the accrual basis of accounting. Contributions are recorded when earned and expenses, including benefits and refunds paid, are recorded when a liability is incurred, regardless of the timing of cash flows. Investments are reported at fair value.

Actuarial Assumptions

The total OPEB liability was measured by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	University of Idaho Plan
Inflation	2.00%
Salary Increases	3.00%, including inflation
Discount Rate	5.50%
Healthcare Cost Trend Rates	
Non-Medicare Medical & Prescription Drugs	7.58% graded to 4.50% over 13 years
Medicare Medical	5.90% graded to 4.50% over 10 years
Medicare Prescription Drugs	10.67% graded to 4.50% over 13 years
Dental	4.00%

Mortality Rates

Healthy	Approximate 2006 table based on Headcount-Weighted RP-2014 Combined Healthy Annuitant, projected generationally with Scale MP-2015 from 2006
Disabled	Approximate 2006 table based on Headcount-Weighted RP-2014 Disabled Retiree, projected generationally with Scale MP-2015 from 2006

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using the building block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage

and by adding expected inflation and subtracting expected investment expenses and a risk margin. The current allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

University of Idaho Plan Long-Term Expected Rate of Return

Asset Class	Current Allocation	Long-Term Expected Arithmetic Real Rate of Return	Money Weighted Real Rate of Return
Domestic Equity	29.35%	6.71 %	1.97 %
International Equity, Developed Markets	10.00%	7.71 %	0.77 %
Fixed Income, Core	57.00%	2.11 %	1.20 %
Short-term Governmental Money Market	3.65%	1.10 %	0.04 %
Total	100.00%		3.98 %
Inflation			2.00 %
Investment Rate of Return (Gross)			5.98 %
Investment Expenses			(0.25)%
Investment Rate of Return (Net)			5.73 %
Long-Term Expected Rate of Return Used in Valuation			5.50 %

Discount Rate

The projection of cash flows used to determine the discount rate assumed that the University's contributions would be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 5.50% on plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability.

Net OPEB Liability, OPEB Expense, and Deferrals**Net OPEB Liability**

The reporting date for the University under GASB Statement No. 75 is June 30, 2018 and under GASB Statement No. 74 is December 31, 2017. The Net OPEB Liability was measured as of June 30, 2017. Plan Fiduciary Net Position (plan assets) was valued as of the measurement

date and the Total OPEB Liability was determined from actuarial valuations as of May 1, 2017, and was projected forward to the measurement date of June 30, 2017 using standard actuarial techniques.

The University's net OPEB liability components as of the measurement date of December 31, 2017 (*dollars in thousands*):

Total OPEB Liability	\$ 68,320
Plan Fiduciary Net Position	(34,984)
Net OPEB Liability	<u>\$ 33,336</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	51.21 %
Covered-Employee Payroll	\$ 159,935
Net OPEB Liability as a Percentage of Covered-Employee Payroll	20.84 %

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Changes in net OPEB liability for the fiscal year ended June 30, 2018 (*dollars in thousands*):

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balances	\$ 66,885	\$ 31,247	\$ 35,638
Changes for the Year			
Service Cost	505		505
Interest	3,606		3,606
Change of Benefit Terms			
Difference Between Expected and Actual Experience			
Change of Assumptions			
Economic/Demographic Gains (Losses)			
Contributions - Employer		2,960	(2,960)
Contributions - Employee			
Net Investment Income		3,528	(3,528)
Benefit Payments, Including Refunds	(2,676)	(2,676)	
Administrative Expense		(75)	75
Net Changes	1,435	3,737	(2,302)
Ending Balances	<u>\$ 68,320</u>	<u>\$ 34,984</u>	<u>\$ 33,336</u>

OPEB Expense and Deferrals

The University recognized a \$2.1 million OPEB expense and the following deferrals for the fiscal year ended June 30, 2018 (*dollars in thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience		\$ 1,443
Changes of assumptions		
Net difference between projected & actual investment earnings		
Contributions subsequent to the measurement date	\$ 615	
Total	<u>\$ 615</u>	<u>\$ 1,443</u>

The \$0.6 million reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows (*dollars in thousands*):

Fiscal Year	Expense (Revenue)
2019	\$ (361)
2020	(361)
2021	(361)
2022	(361)
Thereafter	0
	<u>\$ (1,444)</u>

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Discount Rate Sensitivity*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*

The following presents the net OPEB liability of the University as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (4.50%) or 1 percent higher (6.50%) than the current rate (*dollars in thousands*):

1% Decrease 4.50%	Discount Rate 5.50%	1% Increase 6.50%
\$ 41,825	\$ 33,336	\$ 26,247

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the University calculated using the current healthcare cost trend rates as well as what the University's net OPEB liability would be if it were calculated using trend rates that are 1 percent lower or 1 percent higher than the current trend rates (*dollars in thousands*):

1% Decrease	Current Trend Rate	1% Increase
\$ 26,628	\$ 33,336	\$ 41,328

3. Sick Leave Insurance Reserve Trust Funds**Plan Description**

The PERSI administers the Sick Leave Insurance Reserve Fund (SLIRF), cost sharing, multiple-employer defined benefit OPEB plan that provides payments of eligible postretirement insurance premiums on behalf of retired state and public school district employees, based on accumulated unused sick leave at the time of retirement. The SLIRF is classified as a trust fund. For State and school employers, unused sick leave benefits are subject to the guidance of Governmental Accounting Standard Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, and GASB Statement 85, Omnibus 2017.

The PERSI issues a publicly available financial report that includes financial statements and required supplementary information, which can be found at (http://www.persi.idaho.gov/investments/annual_financial_report.cfm). The PERSI also provides a 'Schedule of Employer Allocations and Collective OPEB Amounts' for the SLIRF, which can be found at

<https://www.persi.idaho.gov/Employers/gasb.cfm>.

The SLIRF is made up of two trust funds administered by the PERSI - a trust for payment of school district employee benefits and a trust for payment of State employee benefits. The SLIRF trust for payment of State employee benefits is governed by Idaho Code Sections 67-5333 and 59-1365.

The SLIRF is a fund that exists for the payment of unused sick leave benefits in the form of insurance premiums for State and school district employees who separate from service by reason of retirement. The assets of the two trusts are commingled for investment purposes.

All State government employers are statutorily required to contribute to a sick leave account administered by the PERSI. Employer's contributions are a percentage of payroll collected each pay cycle and are held in trust for future benefits. The State is responsible for any unfunded benefit obligations through contribution rate adjustments.

The number of participating employers and membership in the State SLIRF as of June 30, 2018 is as follows:

Active	21,995
Retirees and Beneficiaries	4,467
Total	26,462
Number of Participating Employers	13

State employees are limited to the number of allowable hours of sick leave they may use as part of the unused sick leave program as follows:

Credited Hours of Service	Maximum Allowable Sick Leave Hours
0-10,400 (0-5 years)	420
10,401-20,800 (5-10 years)	480
20,801-31,200 (10-15 years)	540
31,201+ (15 years or more)	600

Members may use one-half of sick leave hours accrued up to the allowable maximum multiplied by their rate of compensation at retirement.

Contributions for employers and the net OPEB liability (asset) are recognized on an accrual basis of accounting. The rate for State agency contributions was 0.65 percent of covered salary at June 30, 2017 and at June 30, 2018. Contribution percentages are based on the number of days of paid sick leave earned during the contract year. Employer contributions required and paid were \$6.4 million for the fiscal year ended June 30, 2018.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Summary of Significant Accounting Policies

Generally speaking, significant accounting and investment policies for the SLIRF are the same as detailed for the PERSI pension plans as described in the beginning of Note 8 below the section 'Summary of Significant Accounting Policies'. For purposes of measuring the net OPEB liability (asset) and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB and additions/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by PERSI.

Actuarial Assumptions

The OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2016, rolled forward to June 30, 2017. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the State net OPEB liability (asset) are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future.

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Actuarial Assumptions

Inflation	3.25 percent
Salary Increases	3.75 percent
Salary Inflation	3.75 percent
Investment Rate of Return (Net of Investment Expenses)	7.10 percent
Healthcare Trend Rate	N/A*

*Healthcare trend rate is not applicable as the benefit is based on the unused sick leave hours at retirement, and is calculated as a fixed dollar amount that can be applied to premiums.

Long-term Expected Rate of Return

The long-term expected rate of return on State OPEB Fund investments was determined using the building block approach and a forward-looking model in which best estimates ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For the years ended June 30, 2017 and June 30, 2018, the annual money-weighted rate of return on SLIRF investments, net of investment expense was 13.3 and 9.4 percent, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Even though history provides a valuable perspective for setting the investment return assumption, the PERSI relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the PERSI's formal policy for asset allocation are shown below. The formal asset allocation policy is more conservative than the current allocation of the PERSI's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Capital market assumptions is as follows:

Asset Class	Expected Return*	Expected Risk	Strategic Normal	Strategic Ranges
Equities			70%	66% - 77%
Broad Domestic Equity	9.15%	19.00%	55%	50% - 65%
International	9.25%	20.20%	15%	10% - 20%
Fixed Income	3.05%	3.75%	30%	23% - 33%
Cash	2.25%	0.90%	0%	0% - 5%
Total Fund	Expected Return*	Expected Inflation	Expected Real Return	Expected Risk
Actuary	7.00%	3.25%	3.75%	N/A
Portfolio	6.58%	2.25%	4.33%	12.67%
*Expected arithmetic return net of fees and expenses		Data provided by Callan Associates 2015		
Actuarial Assumptions				
Assumed Inflation - Mean				3.25%
Assumed Inflation - Standard Deviation				2.00%
Portfolio Arithmetic Mean Return				8.08%
Portfolio Long-Term Expected Geometric Rate of Return				7.50%
Assumed Investment Expenses				0.40%
Long-Term Expected Geometric Rate of Return, Net of Investment Expenses				7.10%

Discount Rate

The discount rate used to measure the OPEB liability (asset) was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from Fund employers will be made at the current contribution rate. Based on these assumptions, the OPEB Fund's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Fund investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The long-term expected rate of return was determined net of OPEB plan investment expense but without reduction for OPEB plan administrative expense.

Net OPEB Liability (Asset), OPEB Expense, and Deferrals

At June 30, 2018, the total net OPEB liability (asset) for all employers that contributed to the State's SLIRF was \$(95.1) million. At June 30, 2018, the State recognized a \$(84.7) million liability (asset) (89.0% percent proportion of the collective net OPEB liability (asset)), measured at June 30, 2017. Employer proportionate shares were determined utilizing a single-period measure of contributions as of June 30, 2017.

The State recognized a \$(1.8) million expense (expense offset) and the following deferrals for the fiscal year ended June 30, 2018 (*dollars in thousands*):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected & Actual Experience		
Changes of Assumptions		
Net difference between projected & actual investment earnings		
Contributions Subsequent to the Measurement Date	\$ 6,363	
Total	\$ 6,363	\$ 0

The \$6.4 million reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a decrease

(increase) of the net OPEB liability (asset) in the year ended June 30, 2019. Other amounts reported above as deferred outflows of resources and deferred inflows of resources

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

related to OPEB will be recognized in OPEB expense (revenue) as follows (*dollars in thousands*):

<u>Fiscal Year</u>	<u>Expense (Revenue)</u>
2019	
2020	
2021	
2022	
Thereafter	
	<u>\$ 0</u>

The State net OPEB liability (asset) is calculated using a discount rate of 7.10 percent, which is the expected rate of return on investments reduced by investment expenses.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate

The following presents the State net OPEB liability (asset) of the Fund's employers calculated using the discount rate of 7.10 percent as well as what the employers' liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate (*in thousands*):

<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
\$ (81,322)	\$ (84,677)	\$ (88,598)

NOTE 10. RISK MANAGEMENT

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Group Insurance and Risk Management internal service funds and various outside entity insurance providers.

The Group Insurance fund is used to account for and finance life, health, and disability insurance programs which are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 10 percent of the annual premiums for medical, 10 percent for dental, and is not responsible for any claims exceeding premium payments for life and disability coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. Policy claim liabilities are composed of the amounts required to fund any additional payments of life, health, and disability premiums. The liabilities include an estimate for claims that have been incurred but not reported and are net of any contractual adjustments and coordination of benefits. The fiscal year 2018 refund reflects a favorable claims experience. Unpaid claim liabilities at fiscal year-end of \$2.4 million for Group Insurance are not discounted. The State maintains program and premium stabilization balances; these amounts are included with the restricted net position in the Group Insurance fund.

The Risk Management fund manages property and general liability risk. The Fund also finances and accounts for other risks not covered by Group Insurance and various outside entity insurance providers. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of \$500 thousand for each occurrence. Property damage claims are commercially insured up to \$500.0 million for all risk (subject to various sub-limits), \$100.0 million for earthquake, and \$100.0 million for flood, and are subject to an overall \$250 thousand per occurrence deductible with the exception of fine art which has a \$500 deductible. Energy systems are commercially insured up to \$100.0 million for equipment breakdown, \$5.0 million for demolition, \$2.5 million for perishable goods, \$5.0 million for service interruption, and \$2.5 million for hazardous

substances, and are subject to an underlying deductible of \$50 thousand. Employee bond/crime is commercially insured up to \$10.0 million for public employee dishonesty, \$10.0 million for computer fraud, \$10.0 million for wire transfer fraud, \$1.0 million for theft, disappearance and destruction, \$1.0 million for faithful performance, and \$1.0 million for robbery and safe burglary, and is subject to a \$175 thousand per occurrence deductible. Cyber liability is commercially insured up to \$25.0 million, \$500 thousand for payment card industry (PCI) fines and penalties in the aggregate for all cyber coverages, and is subject to a \$1.0 million per occurrence deductible. Physical damages to covered vehicles are self-insured for actual cash value. Physical damages to covered inland marine are self-insured for replacement value. The State purchases commercial insurance for claims not self-insured by the above coverages and for other identified risks of loss, including workers' compensation insurance.

Estimated liabilities for Risk Management include claims that have been incurred but not reported; incremental claim adjustment expenses related to specific claims; claim adjustment costs, both allocated and unallocated; and any anticipated subrogation receipts. The State records its Risk Management premium liability using discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income. At fiscal year-end \$13.9 million of unpaid claim liabilities for Risk Management are recorded at the present value of \$12.8 million, using a 3.5 percent discount interest rate.

All state entities may participate in the Group Insurance and Risk Management programs. Payments made to the Group Insurance fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage and projected claims experience. Claim settlements have not exceeded insurance coverage for each of the past three fiscal years. Liabilities are reported when the occurrence of loss is probable and the amount of the loss can be reasonably estimated. Payments are made to the Risk Management fund based on actuarial estimates, loss experience, exposure, and asset value covered.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Changes in policy claim liabilities are as follows (*dollars in thousands*):

	Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimate	Claims (Payments) Refunds	Ending Balance
Group Insurance	2017	\$ (1,748)	\$ (20,122)	\$ 19,533	\$ (2,337)
	2018	\$ (2,337)	\$ (9,969)	\$ 14,679	\$ 2,373
Risk Management	2017	\$ 10,804	\$ 5,490	\$ (5,156)	\$ 11,138
	2018	\$ 11,138	\$ 7,603	\$ (5,901)	\$ 12,840

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 11. LEASES

A. State as Lessee

The State leases land, buildings, vehicles, and office equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rentals are considered immaterial to the future minimum lease payments and current rental expenditures.

Operating Leases

Operating leases do not qualify for capitalization. Therefore, the lease agreements are not reflected as assets in the State's balance sheet. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The total operating lease

expenditures/expenses for fiscal year 2018 were \$30.9 million for the primary government. Operating leases contain various renewal options, as well as some purchase options.

Capital Leases

The State has entered into capital leases that are, in substance, a purchase. At the date of acquisition the assets are valued on the balance sheet at the present value of the future minimum lease payments. Capital lease assets and obligations are recorded in the respective funds as capital assets and long-term obligations. Interest expense for capital leases is not capitalized. Amortization of assets acquired under capital lease is included with depreciation expense.

Assets under capital lease are as follows (*dollars in thousands*):

Asset Class	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$ 20		\$ 20
Buildings and Improvements	22,560		22,560
Machinery, Equipment, and Other	397	\$ 425	822
Accumulated Depreciation	(3,770)	(52)	(3,822)
Total Assets under Capital Leases	\$ 19,207	\$ 373	\$ 19,580

Future minimum lease commitments for noncancelable operating and capital leases are as follows (*dollars in thousands*):

Fiscal Year	Operating Leases	Capital Leases		
	Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
2019	\$ 22,831	\$ 2,586	\$ 93	\$ 2,679
2020	17,486	2,596	93	2,689
2021	14,763	2,605	73	2,678
2022	11,929	2,628	73	2,701
2023	5,788	2,601		2,601
2024-2028	10,533	13,324		13,324
2029-2033		2,751		2,751
2034-2038	1,467			
Total Payments	\$ 84,797	29,090	332	29,423
Executory Costs		(7,993)		(7,993)
Imputed Interest		(5,507)	(30)	(5,537)
Total Present Value of Minimum Lease Payments		\$ 15,590	\$ 302	\$ 15,893

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

B. State as Lessor

Operating Leases

The State leased the following assets under operating leases (*dollars in thousands*):

Asset Class	Primary Government
Land	\$ 15,393
Buildings and Improvements	65,881
Improvements Other Than Buildings	814
Machinery, Equipment, and Other	
Accumulated Depreciation	(6,301)
Total Assets Held for Lease	\$ 75,787

Future minimum rentals for operating leases and future minimum lease payments receivable for capital leases are as follows (*dollars in thousands*):

Fiscal Year	Operating Leases
	Primary Government
2019	\$ 17,976
2020	17,822
2021	11,456
2022	11,227
2023	14,634
2024-2028	22,631
2029-2033	10,079
2034-2038	2,807
Total Rentals and Receivables	\$ 108,632

Capital Leases

In 2015, Boise State University entered into a ten-year agreement with the Boise State University Foundation to lease a portion of the Alumni and Friends Center. During fiscal year 2018, the University agreed to pay the remaining amounts due under the lease agreement and the Alumni and Friends Center was donated to the University with an appraised value of \$15.5 million.

Service Concession Arrangements

Boise State University entered into a public/private partnership agreement with Education Realty Trust, Inc. (EdR) in 2015 to develop and operate a residential Honors College and additional freshman housing facility. The \$37 million project was funded with developer equity and is on land owned by the University and leased to EdR for a 50-year term. At the conclusion of the agreement, the building reverts to the University. EdR pays fixed annual rent and a share of the project's gross rental revenue to the University. EdR is responsible for the daily operations and maintenance of the facility and the University is responsible for campus life programming. The 236,000 square foot facility is located in the center of campus across from the Student Union Building and includes 656 beds, Honors College offices and classrooms, student common areas, and an approximately 15,000 square foot food service facility. The transaction qualifies as a service concession arrangement under GASB Statement No. 60 "Accounting and Financial Reporting for Service Concession Arrangements (SCA)." The University also invested net cash of \$3.6 million in the project.

The capital asset, lease receivable and deferred inflow of resources recorded at acquisition date for the service concession arrangement is as follows (*dollars in thousands*):

Acquisition Value of Assets and Deferred Inflows Related to the Honors College			
	Capital Asset	Lease Receivable	Deferred Inflow of Resources
Acquisition value of the Honors College	\$ 36,771		
Receivable for ground lease		\$ 10,000	
Deferred Inflows of Resources:			
Deferred Inflows related to Service Concession Arrangements			\$ 43,205

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 12. SHORT-TERM DEBT

Primary Government

Idaho Code Section 63-3201 authorizes the State Treasurer, upon approval by the State Board of Examiners, to borrow money in anticipation of current-year tax receipts. The State uses external tax anticipation notes to cover the shortfall between General Fund revenues and disbursements during the year. General Fund revenues are received in relatively uneven amounts throughout the fiscal year due to various factors affecting the timing of receipts; such factors include the collection of individual income taxes in April, large sales tax receipts in January as a result of holiday shopping, and quarterly collections of corporate income tax. During fiscal year 2018, the State anticipated that 44.8 percent of General Fund revenues would be received in the first six months; however, disbursements during the same period were expected to account for 66.3 percent of total expenditures, mainly due to public school aid and Health and Welfare expenditures. The notes sold on the open market were issued on July 3, 2017 and were redeemed on June 29, 2018.

Component Units

The Idaho Housing and Finance Association utilizes short-term borrowing in the form of commercial paper to provide funds to purchase single-family mortgage loans on an interim basis and to finance multi-family construction loans. As of June 30, 2018, the Association has commercial paper outstanding, maturing within 90 to 180 days from date of issue, with a weighted average interest rate of 2.27 percent.

The Idaho Small Employer Health Reinsurance Program has a \$0.5 million line-of-credit commitment from a local bank. Interest on the advances is payable monthly at prime rate plus 0.5 percent per annum and was 5.0 percent as of December 31, 2017. The original maturity date for the line was January 1, 2018, however, the line was extended and has a new maturity date of February 15, 2018, with a reduced maximum amount of \$0.3 million. The line is not secured.

Short-term debt activity included the following (*dollars in thousands*):

	Balances at July 1, 2017		Issued/Draws		Redeemed/ Repayments		Balances at June 30, 2018	
Primary Government								
Governmental Activities:								
External Tax Anticipation Notes	\$	0	\$	485,770	\$	(485,770)	\$	0
Component Units								
Commercial Paper	\$	50,000	\$	555,225	\$	(505,225)	\$	100,000
Line of Credit	\$	165	\$	269	\$	(317)	\$	117

NOTE 13. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES**A. Compensated Absences*****Primary Government***

Idaho's compensated absences policy permits employees to accumulate earned but unused vacation, compensatory time, and sick leave benefits. Employees earn vacation based on hours worked and years of service; compensatory time earned is based on hours worked in excess of 40 hours per week. Upon termination of employment, an employee is paid for unused vacation time and administrative leave. All employees covered by the Fair Labor Standards Act are paid compensatory balances at termination.

A liability is accrued in the government-wide, proprietary, and fiduciary fund financial statements for all vacation pay and compensatory time when incurred. The liability is based on the pay rate in effect at the balance sheet date. The State assumes a first-in, first-out flow for compensated absence balances.

B. Revenue Bonds***Primary Government***

The Idaho State Building Authority is authorized by Idaho Code Title 67 Chapter 64 to issue bonds to finance construction, restoration, or acquisitions of facilities for lease to state agencies per prior legislative approval. Bonds are direct obligations of the Authority. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds except the Series 2008A bonds, for which the Authority has funded debt service reserve. No amounts were outstanding at June 30, 2018 under these surety bonds.

The State's colleges and universities have a number of outstanding bonds for the primary purpose of funding various construction projects. University bonds are secured by student fees, the sale of goods and services, grants, contributions, and certain other revenues. The colleges and universities issued \$548.1 million in bonds between 2004 and 2018. Annual principal and interest payments on the bonds are expected to require 10 percent of the revenues.

The total principal and interest payments remaining on the bonds are \$693.8 million, payable through 2048. For the current year, principal and interest payments and total pledged revenues were \$38.4 million and \$377.1 million, respectively.

Component Units

The Idaho Housing and Finance Association is authorized to issue and sell revenue bonds under provisions of Idaho Code Sections 67-6201 through 67-6226. The Association issued bonds to finance various single and multi-family housing developments and the construction of highway transportation projects. The bonds are either special or general obligations of the Association and do not constitute a debt of the State or any of its political subdivisions. The bonds have been issued in a variable-rate mode. The bulk of the bonds are re-marketed on a weekly basis at the prevailing interest rates. The multi-family housing bonds are limited obligations of the Association and are secured by the respective mortgages on each development as well as a lien on all revenues as defined in each respective bond indenture. The transportation bonds are secured by principal and interest payments from the Idaho Transportation Department.

The State's college and university foundations issued \$9.9 million in bonds between 2002 and 2015. The total principal and interest payments remaining on the bonds for fiscal year 2017 were \$4.9 million, payable through 2025. All debt service was paid in full during fiscal year 2018.

The Idaho Bond Bank Authority is authorized to issue and sell revenue bonds under provisions of the Idaho Constitution Article VIII Section 2A and Idaho Code Sections 67-8701 through 67-8729. The bonds are used by the Authority to make loans to Idaho municipalities in order to finance the construction of public water and/or sewer improvements. The bonds are limited obligations of the Authority and do not constitute a debt of the State or any of its political subdivisions.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Revenue bond debt service requirements to maturity are as follows (*dollars in thousands*):

Fiscal Year Ending June 30	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	Nonmajor Special Revenue		College and University			
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 9,710	\$ 9,279	\$ 20,135	\$ 20,195	\$ 29,845	\$ 29,474
2020	13,065	12,025	19,765	19,284	32,830	31,309
2021	16,857	11,569	20,150	18,415	37,007	29,984
2022	17,117	11,041	20,235	17,526	37,352	28,567
2023	17,675	10,486	19,855	16,695	37,530	27,181
2024-2028	67,175	45,382	81,265	71,035	148,440	116,417
2029-2033	53,160	36,378	91,330	51,119	144,490	87,497
2034-2038	64,210	24,829	98,440	28,527	162,650	53,356
2039-2043	49,550	12,075	52,330	9,538	101,880	21,613
2044-2048	34,830	5,129	16,210	1,797	51,040	6,926
2049	7,830	157			7,830	157
Total	\$ 351,179	\$ 178,350	\$ 439,715	\$ 254,131	\$ 790,894	\$ 432,481
Interest Rate	0.5% to 5.98%		0.67% to 6.52%			

Fiscal Year Ending June 30	Component Units					
	Idaho Housing and Finance Association		Idaho Bond Bank Authority		Total	
	Principal	Interest	Principal	Interest		
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$82,878	\$32,510	\$21,135	\$13,228	\$104,013	\$45,738
2020	49,966	30,401	17,690	12,549	67,656	42,950
2021	50,562	28,447	17,700	11,828	68,262	40,275
2022	52,278	26,374	18,395	11,051	70,673	37,425
2023	52,254	24,212	19,090	10,288	71,344	34,500
2024-2028	268,907	86,987	87,910	38,767	356,817	125,754
2029-2033	196,630	21,224	68,200	22,044	264,830	43,268
2034-2038	80,675	6,618	43,030	9,655	123,705	16,273
2039-2043	12,263	1,259	17,130	2,727	29,393	3,986
2044-2048			6,425	563	6,425	563
Total	\$846,413	\$258,032	\$316,705	\$132,700	\$1,163,118	\$390,732
Interest Rate	0.0% to 5.9%		1.25% to 6.25%			

C. Advance and Current Refundings

Primary Government

In prior years, the Idaho State Building Authority defeased bonds by placing governmental securities into irrevocable trusts sufficient to provide for all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

In prior years, Boise State University defeased bonds by placing part of the proceeds of the general revenue bond

into a trust sufficient to pay all future debt service payments on those bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

In prior years, Idaho State University defeased 2004B and 2007 series bonds by issuing series 2016 bonds. The related liability was appropriately removed from the financial statements in the year of defeasance.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Component Units

The Idaho Bond Bank Authority defeased bonds in the amount of \$5.9 million. The Payette Lake Recreational Water and Sewer District (PLRWSD) refinanced the City of McCall's Wastewater Revenue Bonds. PLRWSD used bond proceeds of \$1.2 million to redeem \$1.2 million of the Series 2004A and pay accrued interest. PLRWSD deposited bond proceeds to purchase United States Treasury instruments and placed them into an irrevocable escrow to advance refund \$5.9 million of the Series 2008A Bonds. The bond proceeds were from a bond issued by the PLRWSD that was not through the Authority.

As a result, the Series 2004A Bonds are considered partially redeemed, and Series 2008B Bonds are considered to be partially defeased and the receivable from the PLRWSD and the liability have been removed from The Idaho Bond Bank Authority financial statements.

In July 2017, the Idaho Housing and Finance Association issued bonds, in the amount of \$92.7 million, as a restructuring of older issuances to provide an adequate asset base to meet indenture parity requirements. There were no economic savings achieved by the restructuring.

The outstanding debt payable for each defeased debt (table) issue is as follows (*dollars in thousands*)

Issuer	Debt Issue	Amount Defeased	Remaining Liability
Idaho State Building Authority	2003 Series B Bonds	\$ 4,765	\$ 4,765
Boise State University	2009 Series A Bonds	25,195	25,195
Idaho Bond Bank Authority	2008 Series C Bonds	18,825	18,825
	2008 Series A Bonds	8,730	8,730
	2008 Series E Bonds	19,490	19,490
	2008 Series B Bonds	5,920	5,695
	2009 Series A Bonds	39,525	39,525
Idaho Housing and Finance Association	2008 Series A Bonds	98,550	15,160
	2009 Series A Bonds	87,100	22,737

D. Notes Payable**Primary Government**

The Idaho Transportation Department financed the improvement of various roads and related infrastructure within the State through borrowings from the Idaho Housing and Finance Association in the amount of \$787.3 million. The notes are related to GARVEE bonds issued by the Association and will be repaid by grant revenues received by the Department from the Federal Highway Administration and by matching state funds. Annual principal and interest payments on the notes are expected to require 17.8 percent of the revenues. The total principal and interest payments remaining on the notes are \$691.0 million, payable through 2032. For the current year, principal and interest payments and total pledged revenues were \$56.0 million and \$313.9 million, respectively. The amount of the balance owing does not equal the amount of the receivable recorded by the Association due to the timing of principal and interest payments.

The Idaho State Building Authority issued a \$ 1.7 million note payable during 2009. The note is payable from and secured by a pledge of lease revenues, other funds, and reserves held.

The Department of Administration purchased operating and capital equipment through the issuance of a note payable for \$3.8 million in 2004 with a remaining principal balance of \$1.7 million.

The State's colleges and universities refinanced various notes payable by issuing new notes payable. The notes are secured by student fees revenues. Lewis-Clark State College issued \$4.7 million in notes payable in 2013. Amounts were originally due to be paid off in 2018, but were fully paid off in 2017.

Component Units

The Idaho Housing and Finance Association issued notes payable for the construction and purchase of affordable multi-family housing complexes. The notes are secured by the deeds of trust on the buildings and equipment or an assignment or pledge of purchase rights for security purposes.

The BSU Foundation issued a \$2.0 million note payable to a large healthcare organization. The proceeds were invested, and the investment earnings will generate scholarships for health science students.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

The ISU Foundation redeemed 2001 multi-mode variable rate bonds in 2016 and were replaced with a note payable to a commercial lender in the amount of \$5.0 million. The Foundation also has a notes payable to establish tele-

pharmacies in neighboring communities, expanding health center operations to serve students, faculty, and administrators.

Note debt service requirements to maturity are as follows (*dollars in thousands*):

Fiscal Year Ending June 30	Governmental Activities							
	Transportation		Nonmajor Special Revenue		Internal Service		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 32,559	\$ 24,400	\$ 1,488	\$ 59	\$ 320	\$ 85	\$ 34,367	\$ 24,544
2020	34,034	22,834	11	1	353	67	34,398	22,902
2021	34,737	21,197	11	1	388	48	35,136	21,246
2022	36,468	19,463	7		425	26	36,900	19,489
2023	38,284	17,641			230	5	38,514	17,646
2024-2028	223,637	57,255					223,637	57,255
2029-2033	121,311	7,190					121,311	7,190
2034-2038								
Total	\$ 521,030	\$ 169,980	\$ 1,517	\$ 61	\$ 1,716	\$ 231	\$ 524,263	\$ 170,272
Interest Rate	2.43% to 4.73%		3.45% to 6.75%		5.34%			

Fiscal Year Ending June 30	Business-Type Activities			
	Nonmajor Enterprise Funds		Total	
	Principal	Interest	Principal	Interest
2019	\$ 24	\$ 3	\$ 24	\$ 3
2020	25	2	25	2
2021	15		15	
Total	\$ 64	\$ 5	\$ 64	\$ 5
Interest Rate	6%			

Fiscal Year Ending June 30	Component Units					
	Idaho Housing and Finance Association*		College and University Foundations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 7,878	\$ 2,038	\$ 543	\$ 172	\$ 8,421	\$ 2,210
2020	6,301	1,774	539	151	6,840	1,925
2021	6,308	1,521	530	130	6,838	1,651
2022	18,240	1,246	2,532	109	20,772	1,355
2023	1,260	528	534	69	1,794	597
2024-2028	6,163	1,885	1,533	86	7,696	1,971
2029-2033	3,894	957			3,894	957
2034-2038	1,609	442			1,609	442
2039-2043	1,022	270			1,022	270
2044-2048	756	302			756	302
2048-2052	442	106			442	106
2053-2057	1,588	30			1,588	30
Total	\$ 55,461	\$ 11,099	\$ 6,211	\$ 717	\$ 61,672	\$ 11,816
Interest Rate	0.00% to 9.13%		1.00% to 6.00%			

*IHFA netted unamortized debt issuance costs of \$492 against their debt service requirements; however, the costs are not included in changes in Long-Term Liabilities schedule on page 111.

E. Claims and Judgments***Primary Government***

Claims and judgments are payable on behalf of the State and its agencies for various legal proceedings and claims.

In general, the State records liabilities for material claims and judgments when they are considered probable and estimable. The State recorded the following claims and judgments:

The Department of Health and Welfare estimates Medicaid claims incurred in fiscal year 2018 but not reported at year end in the amount of \$165.7 million.

The Idaho Transportation Department experienced contractor claims for reimbursement of additional expenses incurred for the performance of construction contract requirements. The State recorded a liability of \$3.4 million.

The Department of Environmental Quality entered into a contract with the Environmental Protection Agency (EPA) in April 1995 for the purpose of environmental remediation within the Bunker Hill Superfund Site. Federal Superfund law requires the State to match 10 percent of federal funds spent on actual remediation work and to meet all costs of future site operation and maintenance costs. The December 2012 amended remediation cost estimate was \$143.0 million, which was measured using the expected cash flow technique. The State's share was \$14.3 million. The State has expended \$16.4 million toward the required match leaving an overpayment of the match liability of \$2.1 million. The overpayment can be used to meet match requirements in the Coeur d'Alene Basin Superfund site. The contract work was completed during fiscal year 2008. The State has taken ownership of 1,400 acres of remediated and unremediated land with approximately 400 additional acres yet to be transferred from the EPA to the State. The land's value has not been established and has development limitations which may reduce property values.

In August 2002, the federal government, Idaho, Washington, and tribal officials signed a memorandum of agreement to create the Coeur d'Alene Basin Commission, which will direct cleanup of the Coeur d'Alene Basin in Idaho. The EPA issued a Record of Decision (ROD) in September 2002. The State and federal government signed the Coeur d'Alene Basin Superfund contract on October 2, 2003. The original estimate of the remediation cost was \$310.0 million. In 2012, an amended ROD was released with a revised estimated cleanup costs of \$635.0 million. The State has not agreed to match any additional cost. Idaho's match is 10 percent or \$31.0 million, which was measured using the expected cash flow technique. The State has expended \$3.5 million toward the required match, leaving a liability of \$27.5 million. Washington State will match the remainder of the liability. Work began in 2003 and will take 30 years to complete. Environmental liability estimates are subject to amendment due to changes in prices, technology, laws, regulations, and other factors. The State does not anticipate any recovery from other parties for the Coeur d'Alene Basin project.

Component Units

The component units recorded the following claims and judgments:

The Petroleum Clean Water Trust Fund had policy claim liabilities of \$4.4 million for unpaid losses and loss adjustments.

The Idaho Individual High-Risk Reinsurance Pool and the Idaho Small Employer Reinsurance Program had policy claim liabilities of \$0.1 million for unpaid claims.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

F. Changes in Long-Term Liabilities

The changes in long-term liabilities are summarized as follows (*dollars in thousands*):

Long-Term Liabilities	Balances at July 1, 2017 As Restated	Increases	Decreases	Balances at June 30, 2018	Amounts Due Within One Year
Primary Government					
Governmental Activities:					
Revenue Bonds	\$ 132,804	\$ 227,715	\$ (9,340)	\$ 351,179	\$ 9,710
(Premiums)/Discounts/Other	4,040	1,765	(655)	5,150	
Notes Payable	564,331	1,325	(41,393)	524,263	34,367
Total Bonds and Notes Payable	701,175	230,805	(51,388)	880,592	44,077
Capital Leases	16,419	292	(1,117)	15,594	1,131
Compensated Absences	55,172	63,237	(61,088)	57,321	57,321
Policy Claim Liabilities	11,138	19,943	(15,868)	15,213	5,973
Claims and Judgments	72,812	169,197	(46,993)	195,016	169,767
Net Pension Liability	452,474	470	(95,631)	357,313	
Total OPEB Liability	43,185	674	(1,756)	42,103	
Other Long-Term Obligations	3,756		(1,356)	2,400	
Total Governmental Activity	\$ 1,356,131	\$ 484,618	\$ (275,197)	\$ 1,565,552	\$ 278,269
Business-Type Activities:					
Revenue Bonds	\$ 444,649	\$ 47,610	\$ (52,544)	\$ 439,715	\$ 20,135
(Premiums)/Discounts	29,445	7,140	(3,586)	32,999	655
Notes Payable	73	74	(83)	64	24
Total Bonds and Notes Payable	474,167	54,824	(56,213)	472,778	20,814
Capital Leases	4,148	338	(4,184)	302	82
Compensated Absences	22,670	23,783	(22,470)	23,983	23,983
Net Pension Liability	85,399		(18,860)	66,539	
Total OPEB Liability	55,643	2,401	(631)	57,414	
Net OPEB Liability - U of I	34,737		(1,401)	33,336	
Other Long-Term Obligations	785	41	(230)	596	
Total Business-Type Activity	\$ 677,549	\$ 81,387	\$ (103,989)	\$ 654,948	\$ 44,879
Component Units:					
Revenue Bonds	\$ 1,405,066	\$ 202,090	\$ (444,038)	\$ 1,163,118	\$ 104,020
(Premiums)/Discounts	51,473	12,017	(5,255)	58,235	4,080
Notes Payable	79,697	5,917	(24,434)	61,180	8,421
Total Bonds and Notes Payable	1,536,236	220,024	(473,727)	1,282,533	116,521
Compensated Absences	53	148	(127)	74	74
Policy Claim Liabilities	4,354	2,838	(2,719)	4,473	1,440
Claims and Judgments	119		(119)		
Total Component Unit Activity	\$ 1,540,762	\$ 223,010	\$ (476,692)	\$ 1,287,080	\$ 118,035

*For FY18, the total OPEB and Pension liabilities in this table do not tie to the OPEB and Pension liabilities in Note 8, Note 9, and the Government-wide Statement of Net Position. This is primarily due to State Bar, the Dairy Commission, and the Potato Commission reporting on a different year-end than the State. Those entities issued financial statements prior to the effective date of GASB Statement No. 75.

Internal service funds predominantly serve the governmental funds. Accordingly, \$1.7 million of notes payable, \$0.9 million of compensated absences, \$15.2 million of policy claim liabilities, \$5.3 million of net pension liability, and \$0.4 million of net OPEB liabilities were included in the governmental activities for internal service fund liabilities.

In the past, the compensated absences liability attributable to governmental activities has been liquidated by the

General Fund, special revenue funds, and internal service funds. Primarily, the same funds that have been used in prior years will be used to liquidate the following other governmental activity long-term liabilities: policy claim

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

liabilities will be liquidated through the State's Group Insurance and Risk Management funds; claims and judgments will be liquidated by the Health and Welfare and Transportation special revenue funds and nonmajor special revenue funds; the net pension liability will be liquidated by the General Fund; the net OPEB liability will be liquidated by the General Fund, Health and Welfare and Transportation special revenue funds, nonmajor special revenue funds, and internal service funds.

G. Conduit Debt

Primary Government

The Idaho Water Resource Board has outstanding revenue bonds for the promotion, construction, rehabilitation, and repair of water projects. The bonds are secured by the financed property and are payable solely from revenue of the projects. Upon payment of the bonds, ownership of the acquired facilities transfers to the entity served by the bond issuance. Such bonds do not constitute a debt or obligation of the State or any political subdivision, agency thereof, or of the Board except to the extent of the revenues pledged

under the indenture. Accordingly, these bonds are not reported in the accompanying financial statements. Seven series of Water Resource bonds that qualified as conduit debt are outstanding with an aggregate principal amount payable of \$36.8 million.

Component Unit

The Idaho Housing and Finance Association has outstanding bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the financed property and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the individuals served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as Association liabilities. Forty series of bonds that meet the description of conduit debt obligations are outstanding with an aggregate principal amount payable of \$310.1 million.



NOTE 14. EQUITY

A. Restatement of Beginning Fund Balances and Net Position

The beginning net position of the Health and Welfare fund increased by \$15.4 million due to a underreporting for investments.

The beginning net position of the nonmajor governmental fund increased by \$0.4 million due to an error in accounting for certain leases of the Idaho Fish and Wildlife Foundation.

The beginning net position of the College and University fund decreased by \$78.6 million due to the implementation of GASB Statement No. 75 and a reporting error in capitalizing certain subscription amounts.

The beginning net position of the Loan fund increased by \$8.5 million due to an error to adjustment of capital assets in a prior year.

The beginning net position of the Component Units fund decreased by \$7.5 million due to the implementation of GASB Statement No. 81.

The beginning net position of the Nonmajor Enterprise fund decreased by \$0.5 million due to the implementation of GASB Statement No. 75.

The beginning net position of the Internal Service fund decreased by \$0.4 million due to the implementation of GASB Statement No. 75.

The government-wide Statement of Activities includes the above restatements in the Governmental and Business-Type Activities columns. In addition, Governmental Activities beginning net position increased by \$54.6 million due to adjustments to infrastructure and construction-in-progress, decreased by \$6.4 million due to an error in accounting for certain leases, and decreased by \$23.3 million due to the implementation of GASB Statement No. 75.

B. Net Position Restricted by Enabling Legislation

Net position is reported as restricted when constraints are placed on net position use by external parties such as creditors, grantors, contributors, or other governments; or by state law through constitutional provisions or enabling legislation. Enabling legislation authorizes the State to assess, levy, charge, or otherwise mandate payment of resources and requires that those resources be used only for the purposes stipulated in the legislation.

The government-wide Statement of Net Position reported restricted net position of \$3.8 billion for governmental activities, \$1.5 billion for business-type activities, and \$925.2 million for component units. These amounts include \$714.1 million of net position restricted by enabling legislation for governmental activities and \$922.0 million of net position restricted by enabling legislation for business-type activities.

C. Governmental Fund Balances – Restricted, Committed, and Assigned

The governmental funds report a hierarchy of fund balance classifications based primarily on the extent to which the State is bound to honor limitations on the use of the funds' resources. When a fund has more than one revenue stream, equity is classified according to the materiality of any limitations on the fund.

Restricted fund balances represent those amounts that are legally restricted for specific purposes due to limitations imposed by external parties, such as creditors and grantors, or imposed through constitutional provisions or enabling legislation.

Committed fund balances represent amounts that can only be used for a specific purpose imposed by formal action of the Legislature and signed by the Governor.

Assigned fund balances represent amounts the government intends to use for a specific purpose but are neither restricted nor committed.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

The following schedule presents the nature and purpose of these fund balances at June 30, 2018:

Restricted, Committed, and Assigned Governmental Fund Balances (dollars in thousands)				
Funds	Restricted	Committed	Assigned	Total
General				
Economic Development	\$ 259	\$ 41,925	\$ 8,084	\$ 50,268
Education	26,874	101,574	1,139	129,587
Environmental Quality		27,430	(147)	27,283
Fire Suppression			51,133	51,133
General Government Administrative Costs	1,386	18,553	16,945	36,884
Health and Human Services		12,256	766	13,022
Millennium Endowment Fund	338,949			338,949
Municipal Revenue Sharing	28,739			28,739
Natural Resources			2,765	2,765
Opportunity College Scholarships		18,544		18,544
Public Safety	1,052		8,693	9,745
School Building Maintenance and Repair		23,186		23,186
State Building Construction and Maintenance		87,056		87,056
Transportation Projects		22,496		22,496
Veterans Recognition		16,496		16,496
Other Purposes	2,713		2,746	5,459
Total	\$ 399,972	\$ 369,516	\$ 92,124	\$ 861,612
Health and Welfare				
Health and Human Services		\$ 77		\$ 77
Total	\$ 0	\$ 77	\$ 0	\$ 77
Transportation and Transportation Infrastructure				
GARVEE Debt Service	\$ 43,005			\$ 43,005
Transportation Programs	273,168	\$ 26,724		299,892
Total	\$ 316,173	\$ 26,724	\$ 0	\$ 342,897
Land Endowments				
Endowment Fund Beneficiaries	\$ 688,884			\$ 688,884
Total	\$ 688,884	\$ 0	\$ 0	\$ 688,884
Nonmajor Special Revenue				
Agricultural Programs	\$ 60,288			\$ 60,288
Corrections	5,971	\$ 1,695		7,666
Courts	2,246	3,714		5,960
Economic Development	17,778			17,778
Education	642	6,040		6,682
Employment Administration and Training Programs	15,943	15,368		31,311
Environmental Quality	95,027	29,467	\$ 1,507	126,001
Professional Licensing and Monitoring	95,530			95,530
Public Recreation	6,465	44,253		50,718
Public Safety	9,398	16,898		26,296
State Building Debt Service	116,685			116,685
State Land Management	18,042			18,042
Tourism and Promotion	10,866			10,866
Wildlife Management	72,348			72,348
Workers Compensation	25,593			25,593
Other Purposes	4,157	637		4,794
Total	\$ 556,979	\$ 118,072	\$ 1,507	\$ 676,558

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

D. Budget Stabilization and Minimum Fund Balance

The Legislature has the authority to set aside resources through the appropriation process for use in an emergency or when budgetary imbalances occur. The State has the following budget stabilization arrangements:

- The *Higher Education Budget Stabilization Fund* can only be used for the maintenance, use, and support of the colleges and universities subject to appropriation by the Legislature. Idaho Code Section 33-3726 requires interest earnings from the College and University Fund and other amounts provided for by law to be transferred into the Higher Education Budget Stabilization Fund. As of June 30, 2018, the fund balance was \$5.3 million.
- The *Budget Stabilization Fund* was created to cover General Fund revenue shortfalls, expenses incurred because of a major disaster declared by the Governor, or to provide any appropriated one-time tax relief payments to the citizens of Idaho. Idaho Code Section 57-814 requires that receipts to the General Fund for the fiscal year just ending that have exceeded the previous fiscal year's receipts by more than 4 percent be transferred to the Budget Stabilization Fund. The transfers should not be more than 1 percent of actual General Fund receipts for the fiscal year just ended. A concurrent resolution by the majority of the Legislature can require the State Controller to reduce the transfer. Idaho Code requires the transfer of 50 percent of any excess cash balance from the General Fund to the Budget Stabilization fund at the close of the current fiscal year. Appropriations from the Budget Stabilization Fund are limited to 50 percent after the fund balance has reached the 10 percent of General Fund receipts. Idaho Code Section 57-814A authorizes the Board of Examiners to transfer unencumbered moneys from the Budget Stabilization Fund to the

General Fund, should General Fund moneys be insufficient to meet General Fund appropriations for that same fiscal year. Such transfers are limited to the amount of the insufficiency or one-half of 1 percent, whichever is less. As of June 30, 2018, the fund balance was \$347.3 million.

- The Public Education Stabilization Fund may be used to offset declining distributions from the public school earnings reserve, declining endowment distributions, and shortfalls in discretionary funding as spelled out in Idaho Code Section 33-1018. According to Idaho Code Sections 33-1018A and 33-1018B, the fund may also be used to cover any proportional share of the public schools' General Fund budgetary holdbacks, for state matching funds for the School District Building Fund, or for other purposes as stated in appropriation bills. Any accumulated balance greater than 8.34 percent of the current year's appropriation must be transferred to the Bond Levy Equalization Fund per Idaho Code Section 33-907. Additions to the Public Education Stabilization Fund are from interest, transfers, and appropriations. Idaho Code Section 33-905 requires any excess balance over the amount needed for school building maintenance and discretionary spending be transferred to the Public Education Stabilization Fund. As of June 30, 2018, the fund balance was \$64.4 million.
- Idaho Code Section 26-31-110 requires that the *Mortgage Recovery Fund*, part of the Regulatory nonmajor special revenue fund, maintain a minimum balance of \$1.5 million. The Mortgage Recovery Fund account, as defined in Idaho Code Section 26-31-109, is used to reimburse persons who have been awarded damages resulting from violations of the Idaho Residential Mortgage Practices Act.

NOTE 15. DONOR-RESTRICTED ENDOWMENTS***Primary Government***

The Land Endowments fund has a nonexpendable permanent corpus and an earnings reserve account; the earnings reserve is used to receive earnings and to pay beneficiaries and expenses. The Endowment Fund Investment Board (EFIB) invests the revenues generated from the management and/or sale of endowment lands. The Board of Land Commissioners (Land Board) and the EFIB spend the net appreciation and other revenues in accordance with Idaho Code Title 57 Chapter 7 and Title 67 Chapter 16. For the fiscal year ended June 30, 2018, net appreciation on investments of the donor-restricted endowments available for expenditure for the Land Endowments fund was \$33.7 million, which is included in net position restricted for permanent trust-expendable. The Land Board has set the current distribution policy for the endowments at 5 percent of the three-year rolling average permanent fund balances. The EFIB may adjust the distributions depending on the amount in the earnings reserve accounts, transfers to the permanent funds, and other factors.

The Idaho Fish and Wildlife Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the Foundation. The Foundation board of directors spends the net appreciation in accordance with Idaho Code Title 68 Chapter 12. The endowments did not have any net appreciation during the fiscal year available for expenditure. Accumulated earnings are reported in net position restricted for permanent trust - nonexpendable. The Foundation board of directors must approve spending of investment income. Limits are set by individual agreements for each endowment fund established.

The Department of Parks and Recreation has a \$1.4 million donor-restricted endowment for the preservation, operation, and management of the Ritter Island Unit of the Thousand Springs Complex. The Department of Parks and Recreation also has a \$3.0 million donor-restricted endowment for the management of the Trail of the Coeur d'Alenes. Only earnings from investments may be expended by the Idaho Parks and Recreation Board, although no less than 3 percent of the total value of the endowment shall be designated as earnings, even if such designation temporarily reduces the principal. The Board maintains sole discretion in determining the amount of earnings to be distributed to the Department of Parks and Recreation and to be deposited to increase the principal of the endowment. For the fiscal year ended, net appreciation available for expenditure was \$1.2 million, which is reported in net position restricted for other purposes.

Component Units

Endowments for the Boise State University Foundation, Eastern Idaho Technical College Foundation, Idaho State University Foundation, Lewis-Clark State College

Foundation, and University of Idaho Foundation are managed in accordance with Idaho Code Title 33 Chapter 50 and rules adopted by their boards as specified below.

The Boise State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of \$4.4 million during the fiscal year for expenditure. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation has set a "total return" spending policy that specifies 4 percent of the three-year rolling average of the ending market value of each individual account be made available for expenditure toward the established purpose.

The Eastern Idaho Technical College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of scholarships at the College. The endowments had net appreciation of \$27 thousand during the fiscal year for expenditure. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation determines the amount to be paid out as scholarships to the College on an annual basis.

The Idaho State University Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of \$3.5 million during the fiscal year. Accumulated earnings are reported in net position restricted for permanent trust-expendable. Donor-imposed restrictions requiring earnings to be contributed back to the corpus are not formally complied with by the Foundation. The Foundation addresses this indirectly through the strategy established through its investment and spending policies. The Foundation has a policy of appropriating for annual distribution 4 percent of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end proceeding the current fiscal year.

The Lewis-Clark State College Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the College. The endowments had a net appreciation of \$0.6 million during the fiscal year for expenditures. Accumulated earnings are reported in net position restricted for permanent trust-expendable. The Foundation established a spending rate of 4 percent of the five-year rolling average of the market value of each endowment account as of December 31 for each fiscal year. This amount may be reduced if an account has insufficient accumulated earnings to cover the payout.

The University of Idaho Foundation receives certain gift assets that are to be held in perpetuity for the benefit of the University. The endowments had net appreciation of \$14.9

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

million during the fiscal year for expenditure. Unrealized appreciation (depreciation) is included in net position restricted for permanent trust-expendable. The Foundation Board of Directors establishes an annual spending rate. For

fiscal year 2018, the spending rate was set at 4.4 percent of the three-year rolling average of the endowment's monthly fair market value.



NOTE 16. LITIGATION, CONTINGENCIES, COMMITMENTS, AND ENCUMBRANCES**A. Litigation and Contingencies****Primary Government**

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of governmental operations. Such litigation includes, but is not limited to: claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of state and federal laws. The State is unable to estimate the ultimate outcome or liability, if any, in respect to the various proceedings. However, the State believes that any ultimate liability resulting from these suits will not have a material effect on the financial condition of the State.

Idaho Code Section 33-5303 requires the State to guarantee the bonds of any school district qualified by the State Treasurer. If the State is required to make the bond payment of any school district, the State will redirect distributions normally made to the school district to reimburse the State. As of June 30, 2018, the principal amount of qualified school district bonds outstanding was \$1.4 billion, and the interest amount outstanding was \$514.4 million.

Idaho Code Section 67-8716 requires the State to guarantee the bonds of any municipality qualified by the State Treasurer. If the State is required to make the bond payment of any municipality, the State will redirect distributions normally made to the municipality to reimburse the State. As of June 30, 2018, the Idaho Bond Bank Authority had a principal amount of qualified municipal bonds outstanding of \$316.7 million, and the interest amount outstanding was \$132.7 million. Five water and sewer districts, two hospital districts, one library district and one fire district do not have distributions to intercept in the event they are unable to make the bond payments. If the State is required to pay the obligation, the State will pursue legal action to recover the amount paid. The total principal outstanding for these districts is \$32.5 million, payable through 2047.

The State receives significant financial assistance from the federal government in the form of grants. The receipt of federal grants is generally conditioned upon compliance with terms and conditions of the grant agreements and is subject to financial and compliance audits. Questioned costs as a result of these audits may be disallowed after review by federal agencies. The State's opinion is that these questioned costs, if any, will not have a significant effect on the financial position of the State.

Revenue from federal grants includes amounts for the recovery of overhead and other costs. The State may be required to make refunds of federal reimbursements as a result of audits. The State's opinion is that these refunds, if any, will not have a significant effect on the financial position of the State.

B. Commitments**Primary Government**

The Idaho Transportation Department (ITD) has a total of \$263.2 million in outstanding commitments for infrastructure and \$37.2 million for other capital asset-related construction projects underway at year-end. In addition, the ITD has a commitment to repay the Idaho Housing and Finance Association principal and interest related to Grant Anticipation Revenue Vehicle (GARVEE) bonds for construction costs to improve and enhance the State's highway infrastructure. To date, the ITD has borrowed \$690.7 million against the total; of that amount, \$266.3 million has been repaid, resulting in a \$521.0 million liability being recorded. Details can be found in Note 13.

The Department of Administration has a total of \$42.3 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The colleges and universities estimate costs of \$180.7 million to complete a variety of capital asset-related construction projects underway at year-end.

The Department of Parks and Recreation has a total of \$6.1 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Department of Fish and Game has a total of \$9.6 million in outstanding commitments for services for IWILD (Idaho Wildlife Information and Licensing Data System) at year end.

The Department of Labor has a total of \$6.8 million in outstanding commitments for capital asset-related construction projects underway at year-end.

The Department of Environmental Quality (DEQ) administers two revolving loan funds. The funds provide financing sources for the construction of publicly owned wastewater and drinking water treatment facilities. The Clean Water Loan fund had loan commitments of \$102.2 million and the Drinking Water Loan fund had commitments of \$44.8 million. These loan commitments will be funded either from new capitalization grants, generally 80 percent federal funds and 20 percent state matching dollars, or from accumulated repayments and investment revenues, which are perpetually appropriated for this purpose. The DEQ Cooperative Welfare fund had various service commitments of \$11.6 million.

The Department of Correction had the following commitments at year-end:

- A contract with Management and Training Corporation to operate a 432-bed substance abuse treatment prison facility. The Department has committed to pay

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

monthly per diems based on offender count. The estimated cost for fiscal years 2019 through 2020 is \$20.0 million.

- Medical services contract with Corizon, Inc. had estimated costs for fiscal year 2019 of \$46.3 million.
- Substance use disorder services contract with Business Psychology Associates had estimated costs for fiscal year 2019 of \$6.3 million.
- Offender food services contract with Sysco had estimated costs for fiscal year 2019 of \$6.0 million.
- Offender housing contracts with County jails throughout the state had estimated costs of \$15.0 million for fiscal year 2019.
- Concessions contract with Keefe Group. The estimated annual contract value for fiscal year 2019 was \$1.3 million minimum annual guarantee for commissary sales to \$6.2 million, and forty percent of all sales over \$6.2 million.

The Dairy Products Commission annually commits to participate in a national unified marketing plan for dairy products. The Commission's 2018 commitment to nutrition, product, and ingredient manufacturing research and marketing activities is \$5.2 million.

The State Lottery negotiated a new 10 year contract with INTRALOT, Inc. through October 1, 2027 to pay an all-in

price based on a percentage of sales, which is 2.26 percent of Total Net Sales. The State Lottery also has purchased prize annuities in the name of the individual winners, but is still liable in the event the insurance companies default on payments. The amount of payments for the year ended June 30, 2018 is \$10.6 million.

The Public Employee Retirement System of Idaho has a total of \$513.6 million and €22.2 million in outstanding commitments for investments to private equity partnerships.

The Idaho State Tax Commission entered into a Software maintenance and Configuration Assistance Agreement to maintain the Commission's GENTAX application. The agreement is effective through June 30, 2020, with a remaining cost of \$5.5 million.

Component Unit

The Idaho Housing and Finance Association has commitments to purchase \$833.1 million of single-family mortgages. The Association has commitments to sell or secure \$85.1 million of single-family mortgages.

The University of Idaho Foundation has \$26.3 million in outstanding commitments for investments.

C. Encumbrances

Encumbrances within the restricted, committed, and assigned fund balances of the governmental funds are as follows (*dollars in thousands*):

	General Fund	Health and Welfare	Transportation	Nonmajor Governmental
Encumbrances	\$ 38.795	\$ 1.262	\$ 34.984	\$ 56.597

NOTE 17. TAX ABATEMENTS

As of June 30, 2018, the State of Idaho provides tax incentives under four programs which meet the definition of tax abatements as provided in GASB Statement No. 77: Tax Reimbursement Incentives (TRI), Idaho Business Advantage, Broadband Income Tax credit, and Sales Tax Rebates.

Tax Reimbursement Incentives (TRI)

Pursuant to Idaho Code Section 67-4737, the tax reimbursement incentive program is designed to accelerate the growth of new business opportunities, encourage the creation of high-paying jobs, and diversify the state's and local community's economy. The Tax Reimbursement Incentive is a performance-based economic development tool that provides a refundable tax credit up to 30 percent for up to 15 years on new Business Entity income tax, sales tax, and payroll taxes paid as a result of the Meaningful Project. The TRI will perpetually generate the revenues needed to fund the incentive.

This credit is available to both existing and new companies, in any industry, seeking expansion in the state. The tax credit percentage and project term are negotiable based upon the quantity and quality of jobs created, state/regional economic impact, and return on taxpayer investment for Idaho, among others.

A company must complete an in-depth application and meet the following requirements to qualify for the Tax Reimbursement Incentive:

- Create 20 new jobs in rural communities (city population of 25,000 or less) or 50 in urban centers.
- New jobs must be full time (30 hours or more) and pay an average wage of equal to or greater than the average county wage.
- Demonstrate a meaningful community match.
- Confirm the company's stability and the projects' potential to be a significant economic impact in the community and Idaho.
- Prove that the incentive is a critical factor in the company's decision to expand in Idaho.

Idaho Business Advantage

Pursuant to Idaho Code Sections 63-4402 through 63-4409, the Idaho Business Advantage offers businesses that invest a minimum of \$500,000 in new facilities and create at least 10 new jobs averaging \$40,000 annually with benefits, may qualify for a variety of incentives.

The following incentives are available through this program: an enhanced investment tax credit of 3.75 percent up to \$750,000 or 62.5 percent of corporate income tax

liability in any one year, a new jobs tax credit from \$1,500-\$3,000 for new jobs paying \$24.04 per hour or more, and a 2.5 percent real property improvement corporate income tax credit up to \$125,000 in any one year along with a 25 percent rebate on sales tax paid on construction materials for the new facilities.

A company must meet the following requirements to qualify for the Idaho Business Advantage incentive:

- The business must invest \$500,000 in new facilities.
- The business must create at least 10 new jobs paying on average \$40,000/year (\$19.23/hour) plus benefits.
- The average wage of any additional new employee during project period must be \$15.50/hour plus benefits.
- Project period ends when the facilities put into service, but no later than December 31, 2020.

In the event that any person to whom a tax credit allowed by Idaho Code Sections 63-4403, 63-4404 or 63-4405, fails to meet the tax incentive criteria, the full amount of the credit shall be subject to recapture by the commission.

Broadband Income Tax Credit

Pursuant to Idaho Code Section 63-3029I, businesses that purchase qualified broadband equipment and infrastructure for the benefit of end users in Idaho may earn a 3 percent income tax credit up to \$750,000.

"Qualified broadband equipment" means equipment that qualifies for the credit for capital investment permitted by Idaho Code Section 63-3029B and is capable of transmitting signals at a rate of at least 200,000 bits per second to a subscriber and at least 125,000 bits per second from a subscriber. A taxpayer must apply to and obtain from the Idaho Public Utilities Commission an order confirming that the installed equipment is qualified broadband equipment.

Each taxpayer must retain and make available, on request, records for each item of property included in the computation of the broadband equipment investment credit claimed on an income tax return subject to examination. The records must include all of the following:

- The order from the Idaho Public Utilities Commission confirming that the installed equipment is qualified broadband equipment.
- A description of the property.
- The asset number assigned to the item of property, if applicable.
- The acquisition date and date placed in service.
- The basis of the property.
- The retirement, disposition, or date transferred out of Idaho, or date no longer used in Idaho, if applicable.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

In the event that qualified broadband equipment upon which the credit allowed by this section has been used ceases to qualify for the credit allowed by Idaho Code Section 63-3029B, or is subject to recapture of that credit, the recapture of credit under this section shall be in the same proportion and subject to the same provisions as the amount of credit required to be recaptured under Idaho Code Section 63-3029B.

Sales Tax Rebate

Pursuant to Idaho Code Section 63-3641, a developer of a retail complex shall receive a rebate of sales taxes collected and remitted to the State Tax Commission by qualified retailers within the retail complex to reimburse the developer for project expenses incurred for the installation of approved transportation improvements.

An “approved transportation improvement” means a highway project whose cost is in excess of \$6.0 million for the installation of an interchange from an interstate highway or expended on the improvement of an existing highway. To qualify as an approved highway improvement, the developer of a retail complex must enter into an agreement with the Idaho Transportation Board and/or political subdivision.

An approved highway improvement shall include those costs directly associated with the highway project but shall not include any improvement not within the right-of-way of the proposed public highway improvement, improvements not specifically authorized in the agreement entered into, or developer financed improvements required by state or local agencies as part of the permitting and development process not within the public highway right-of-way.

To obtain the rebate provided by Idaho Code Section 63-3641, the developer of a retail complex shall file a written claim within two (2) years of the developer's last

expenditure on approved transportation improvements, with the state tax commission. The claim shall:

- Identify the location and boundaries of the retail complex.
- Identify the qualified retailers making retail sales within the complex.
- Include verification that the developer has met the expenditure requirements of a minimum of \$4.0 million.
- Include certification from the Idaho Transportation Department or political subdivision of the amount expended on the approved transportation improvements related to the retail complex.
- Contain such additional information as the State Tax Commission may require by rule.

Upon approval by the State Tax Commission, the developer is entitled to receive a rebate of 60 percent of all sales and use taxes imposed by this chapter and remitted to the State Tax Commission after the date of approval by qualified retailers in the retail complex. Once a total of thirty-five million dollars (\$35,000,000) has been paid in as a rebate on a particular approved transportation improvement, no additional rebates shall be paid in regard to that approved transportation improvement.

The following table displays the total amount of taxes abated per program for the year ended June 30, 2018:

Tax Abatement Program	Amount of Taxes Abated (In Actual Dollars)
Tax Reimbursement Incentive	\$ 417,533
Idaho Business Advantage	1,122,169
Broadband Income Tax Credit	3,915,125
Sales Tax Rebate	3,041,377

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

NOTE 18. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the following events occurred:

Primary Government

On July 2, 2018, the Office of the State Treasurer issued tax anticipation notes in the amount of \$540.0 million. The notes were issued to finance the State's daily operations in anticipation of certain tax revenues of the State to be collected during the fourth quarter of the 2019 fiscal year. The notes mature on June 28, 2019.

On October 30, 2018, the Idaho State Building Authority issued 2018 Series B Revenue Bonds in the amount of \$35.1 million for the Department of Health and Welfare nursing facilities project. The Authority also issued 2018

Series C Refunding Revenue Bonds in the amount of \$22.5 million for Prison Facilities Project, which will retire the Authority's State Building Refunding Variable Rate Revenue Bonds Series 2008A.

On November 6, 2018, voters approved Proposition 2 the Medicaid Expansion Initiative. The Initiative expands Medicaid eligibility to include those persons under 65 years of age whose modified adjusted gross income is 133 percent of the federal poverty level or below and who are not otherwise eligible for any other coverage under the state plan. The provision of the initiative will be implemented January 1, 2020





Canoeing at Redfish

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund and Major Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	General			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$ 1,764,369	\$ 1,764,369	\$ 1,764,369	
Individual and Corporate Taxes	2,505,082	2,505,082	2,505,082	
Other Taxes	57,931	57,931	57,931	
Licenses, Permits, and Fees	24,857	24,857	24,857	
Sale of Goods and Services	24,874	24,874	24,874	
Grants and Contributions	16,980	16,980	16,980	
Investment Income	41,852	41,852	41,852	
Tobacco Settlement	23,639	23,639	23,639	
Other Income	25,397	25,397	25,397	
Total Revenues	<u>\$ 4,484,981</u>	<u>\$ 4,484,981</u>	<u>4,484,981</u>	
EXPENDITURES				
General Government	\$ 1,051,673	\$ 1,051,755	954,403	\$ 97,352
Public Safety and Correction	362,823	368,841	357,244	11,597
Health and Human Services	31,663	31,666	31,457	209
Education	2,373,505	2,373,519	2,307,304	66,215
Economic Development	105,072	132,802	86,128	46,674
Natural Resources	42,705	42,726	73,287	(30,561)
Total Expenditures	<u>\$ 3,967,441</u>	<u>\$ 4,001,309</u>	<u>3,809,823</u>	<u>\$ 191,486</u>
Revenues Over (Under) Expenditures			<u>675,158</u>	
OTHER FINANCING SOURCES (USES)				
Capital Lease Acquisitions			292	
Sale of Capital Assets			542	
Transfers In			228,270	
Transfers Out			(1,083,395)	
Total Other Financing Sources (Uses)			<u>(854,291)</u>	
Revenues and Other Financing Sources Over (Under)			<u>(179,133)</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			(362,323)	
Changes Affected by Accrued Expenditures			810,808	
Fund Balances - Beginning of Year, as Restated			<u>1,476,174</u>	
Fund Balances - End of Year			<u>\$ 1,745,526</u>	

The accompanying notes are an integral part of the financial statements.

Health and Welfare				Transportation			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
				\$ 15,713	\$ 15,713	\$ 15,713	
\$ 30,197	\$ 30,197	\$ 30,197		344,889	344,889	344,889	
22,880	22,880	22,880		185,101	185,101	185,101	
273,625	273,625	273,625		6,706	6,706	6,706	
1,752,182	1,752,182	1,752,182		337,320	337,320	337,320	
639	639	639		2,274	2,274	2,274	
15,508	15,508	15,508		1,860	1,860	1,860	
\$ 2,095,031	\$ 2,095,031	2,095,031		\$ 893,863	\$ 893,863	893,863	
\$ 3,651	\$ 3,651	3,650	\$ 1				
2,857,309	2,919,509	2,838,322	81,187				
				\$ 1,280,478	\$ 1,302,362	905,892	\$ 396,470
\$ 2,860,960	\$ 2,923,160	2,841,972	\$ 81,188	\$ 1,280,478	\$ 1,302,362	905,892	\$ 396,470
		(746,941)				(12,029)	
		101				14,508	
		729,245					
		(6,320)				(18,290)	
		723,026				(3,782)	
		(23,915)				(15,811)	
		44,532				9,161	
		(73,908)				(18,595)	
		(3,224)				390,354	
		\$ (56,515)				\$ 365,109	

The accompanying notes are an integral part of the financial statements.

NOTE TO BUDGETARY REPORTING**Budgetary Process and Control**

Budgets are adopted in accordance with Idaho Code Title 67 Chapter 35. In September of each year, state agencies submit requests for appropriations to the Governor's Office, Division of Financial Management (DFM), so an executive budget may be prepared. The budget is generally prepared by agency, fund, program, and object and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. Legal level of budgetary control is maintained at the same level of detail as appropriated. Appropriated funds include the General Fund, special revenue funds, the capital projects fund, enterprise funds, internal service funds, earnings of the permanent fund, and pension trust funds. The appropriated funds are either appropriated annually or on a continuous basis. For those funds appropriated on a continuous basis, appropriation equals expenditures which can be made to the extent of available cash. Unexpended appropriation balances generally lapse at fiscal year-end unless reappropriated by the Legislature. Appropriations are subject to the provisions of Idaho Code Title 67 Chapter 36.

The Governor's budget recommendations are presented to the Legislature within the first five days of each regular legislative session, which begins in January. The Joint Finance and Appropriations Committee reviews the Governor's recommended budget, makes amendments, and prepares the annual appropriation bills for submission to both houses of the Legislature. A simple majority vote by both houses of the Legislature is required to pass the appropriation bills. The Governor has line item veto power over appropriation bills. Approval by two-thirds of both houses is required to override a governor's veto. The appropriation bills become the State's authorized operating budget upon the Governor's signature, or become law without the Governor's signature within five days after being presented to him, per Idaho Constitution Article IV Sections 10 and 11.

Agencies may request additional appropriations for the current year, which may be granted under authority of the Legislature. If expenditures are expected to exceed available cash, the State Board of Examiners (SBE) may authorize reduction of a portion of the General Fund appropriation. The Governor may issue an executive order for temporary reduction of spending authority, which is recorded in the accounting system as a negative supplemental appropriation. The Governor may call extraordinary sessions as provided by Article IV Section 9 of the Idaho Constitution.

Limitations exist regarding the extent to which management may modify an appropriation. Legislative approval is required for the transfer of appropriations from one fund to another. The following adjustments may be made, with the appropriate approval:

Idaho Code Section 67-3511(1) allows agencies to transfer spending authority between objects within a fund and program, with the exception of personnel costs. Appropriations for personnel costs may be transferred to other objects, but appropriations for other costs may not be transferred to personnel. Per Idaho Code Section 67-3511(3), appropriations for capital outlay may not be used for any other purpose, but appropriations for other objects may be transferred to capital outlay. The SBE must approve object transfers.

Idaho Code Section 67-3511(2) allows agencies to transfer spending authority from one program to another within an agency, provided the transfer is not more than 10 percent cumulative change from the appropriated amount for any program affected by the transfer. The DFM and the SBE must approve these transfers. The Legislature must approve transfers above 10 percent cumulative change.

Should any change occur that is not within the described limitations, legal compliance is not achieved.

The General Fund's natural resources function had a negative variance stemming from fire suppression deficiency warrants. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Budgetary Basis of Accounting

The State's legal budget is prepared using cash basis records. Revenues are generally recognized when cash is received. Expenditures are recorded when the related cash disbursement occurs. Encumbrances are allowed for budgetary control purposes. Fund balances are restricted or committed for obligations incurred for goods or services that have not been received. Encumbrances may be carried over to the next fiscal year with the approval of the DFM. The Budgetary Comparison Schedule is prepared on the budgetary basis and includes this variation from generally accepted accounting principles (GAAP). The original budget amount represents the original appropriation, prior year reappropriations, and continuous appropriations. The final budget amount includes the original budget plus

Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

supplemental (positive or negative) appropriations, Governor's holdbacks, Board of Examiners reductions, object transfers, actual transfers, and receipts to the appropriation. The reconciliation at the bottom of the Budgetary Comparison Schedule shows the difference between the budgetary basis and GAAP.

The State does not adopt a revenue budget. For financial

reporting purposes, the Budgetary Comparison Schedule reflects budgeted revenues as being equal to actual revenues. The State issues a separate Legal Basis Financial Report, which demonstrates legal compliance with the budget. A copy of this report may be viewed online at www.sco.idaho.gov. Look under "Accounting" and then "Financial Reports and Public Information."

INFRASTRUCTURE – MODIFIED APPROACH REPORTING

Under GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, governments are allowed an alternative to depreciation for their infrastructure assets, referred to as the modified approach. Using the modified approach, governments report maintenance and preservation expenses and do not report depreciation expense on qualifying assets. In order to use the modified approach, the State must manage the infrastructure assets using an asset management system and maintain those assets at established condition levels. The asset management system must meet all of the following requirements:

- Maintain an up-to-date inventory of eligible infrastructure assets
- Perform condition assessments of eligible assets and summarize the results using a measurement scale
- Annually estimate the cost to maintain and preserve the assets at the condition level established
- Document the condition level at which the assets are being preserved and maintained

The State of Idaho has chosen to use the modified approach in reporting the roadway network, which consists of approximately 12,273 lane miles.

Measurement Scale

The Idaho Transportation Department (ITD) determines the condition of the State's roadway surfaces by use of the Pavement Management System. The roadway surface condition is determined using three pavement-condition data elements: International Roughness Index, rutting depth, and pavement distress, collected as follows:

The International Roughness Index (IRI) is a primary indicator of pavement serviceability or the ability of a pavement to meet the demands and expectations of motorists. Idaho has adopted a roughness index (RI) to correlate the measured IRI of the road surface to a

0.0-5.0 scale index, with 0.0 being extremely rough and 5.0 being smooth.

Rutting Depth is a primary indicator of pavement distress caused by fatigue in the roadway wheelpath. The ITD annually collects longitudinal profiles and rutting depths of all pavement management sections statewide.

The ITD uses a Class II-type profilometer to measure IRI and rutting depth. A Profiler Van mounted with a profilometer, laser sensors, and personal computers travels at normal posted speeds and collects and stores road-profile information at one-tenth of a foot intervals.

Pavement Distress (Cracking) is the final important indicator of pavement condition. The Profiler Van used to collect roughness and rutting information also collects video of the entire state highway system each year. The video equipment records images of both the forward facing view and a downward facing view so that pavement distress is easily seen. The pavement management engineer then uses this video or actual field observations to determine the type, extent, and severity of cracking within each pavement management section. A cracking index (CI) is calculated for each section. The CI rating is very similar to the RI with 5.0 corresponding to a section with little or no cracking and 0.0 representing a section with severe cracking.

Pavement surface condition assessment is dependent upon functional classification and is divided into two functional class categories: interstates and arterials, and collectors. The surface condition is measured by Roughness Index (RI), Rutting Depth, and Crack Index (CI). Each category has its own thresholds, which differ slightly depending on the assigned functional class. The measurement ranges for each of these conditions is shown in the following chart:

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

Condition: Roughness Index			Condition: Rutting			Condition: Cracking Index		
Pavement Condition	Functional Class		Pavement Condition	Functional Class		Pavement Condition	Functional Class	
	Interstate and Arterials	Collectors		Interstate and Arterials	Collectors		Interstate and Arterials	Collectors
Good	RI > 3.0	RI > 3.0	Good	0.00"h- 0.24"h	0.00"h- 0.49"h	Good	CI > 3.0	CI > 3.0
Fair	2.5 ≤ RI ≤ 3.0	2.5 ≤ RI ≤ 3.0	Fair	0.25"h- 0.49"h	0.50"h- 0.99"h	Fair	2.5 ≤ CI ≤ 3.0	2.5 ≤ CI ≤ 3.0
Poor	2.0 ≤ RI < 2.5	1.5 ≤ RI < 2.0	Poor	0.50"h- 0.74"h	1.00"h- 1.49"h	Poor	2.0 ≤ CI < 2.5	2.0 ≤ CI < 2.0
Very Poor	RI < 2.0	RI < 1.5	Very Poor	≥ 0.75"h	≥ 1.50"h	Very Poor	CI < 2.0	CI < 1.5

Established Condition Level

The ITD has established the condition level that no more than 30 percent of pavement shall be in poor or very poor condition. In calendar year 2017, the assessed level was

maintained at 11.7 percent. Infrastructure preservation and restoration is a priority for the State. As a result of this focus, the ITD has provided all available funds to meet these goals.

Assessed Condition Ratings of State Roadways

Most Recent Five Complete Condition Assessments										
Percent of Total Lane Miles per Pavement Condition										
	2017		2016		2015		2014		2013	
Good	7,420	60.5 %	7,080	57.7 %	7,301	59.5 %	7,507	61.2 %	7,239	59.2 %
Fair	3,417	27.8 %	3,304	26.9 %	2,992	24.4 %	3,016	24.5 %	3,240	26.5 %
Poor	1,248	10.2 %	1,688	13.8 %	1,736	14.1 %	1,480	12.1 %	1,544	12.6 %
Very Poor	188	1.5 %	202	1.6 %	242	2.0 %	266	2.2 %	213	1.7 %
Total Lane Miles	12,273	100%	12,274	100%	12,271	100%	12,269	100%	12,236	100%

Estimated and Actual Costs to Maintain

The information below reflects the State's estimate of spending necessary to preserve and maintain the roads at, or above, the established condition level, and the actual amount spent during the past six fiscal years (*dollars in thousands*).

	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013
Estimated	\$ 128,923	\$ 100,691	\$ 112,537	\$ 111,475	\$ 90,905	\$ 122,831	\$ 104,612
Actual		\$ 179,193	\$ 128,776	\$ 73,499	\$ 89,972	\$ 107,718	\$ 125,839



Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

PENSION

PERSI Base Plan

Schedule of Net Pension Liability Proportionate Share

(dollars in thousands)

	2018	2017*	2016*	2015*
Proportion of Net Pension Liability (NPL)	25.8%	25.5%	25.8%	25.5%
Proportionate Share of NPL	\$ 405,168	\$ 517,254	\$ 339,548	\$ 187,540
Covered Payroll	\$ 799,046	\$ 746,952	\$ 722,235	\$ 690,168
Proportionate Share of NPL as a Percentage of Covered Payroll	50.7%	69.2%	47.0%	27.2%
Plan Fiduciary Net Position	\$ 15,296,682	\$ 13,884,164	\$ 13,956,663	\$ 13,833,143
Plan Total Pension Liability	\$ 16,868,511	\$ 15,911,317	\$ 15,273,500	\$ 14,569,300
Plan Fiduciary Net Position as a Percentage of Plan Total Pension Liability	90.7%	87.3%	91.4%	94.9%

*'Covered payroll' and 'proportionate share of NPL as a percentage of covered payroll' figures are revised.

Schedule of Contributions

(dollars in thousands)

Fiscal Year Ended June 30	(a) Actuarially Determined Contribution*	(b) Contributions in Relation to Actuarially Determined Contribution*	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)
2015	\$ 81,757	\$ 81,757	\$ 0	\$ 722,235	11.32%
2016	\$ 84,555	\$ 84,555	\$ 0	\$ 746,952	11.32%
2017	\$ 90,452	\$ 90,452	\$ 0	\$ 799,046	11.32%
2018	\$ 90,739	\$ 90,739	\$ 0	\$ 801,580	11.32%

*Contributions for 2016 are revised based on updated information.

Schedules above intended to show information for 10 years. Information for additional years will be displayed as they become available.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

Judges' Retirement Fund

Schedule of Changes in Employer's Net Pension Liability				
(dollars in thousands)				
	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 2,963	\$ 3,179	\$ 3,111	\$ 3,251
Interest	7,329	7,056	6,889	6,590
Benefit Changes				
Economic/Demographic Gains (Losses)	(890)	266	(1,648)	285
Assumption Changes	489			
Benefit Payments, Including Refunds	(6,692)	(6,173)	(5,975)	(5,577)
Net Change in Total Pension Liability	3,199	4,328	2,377	4,549
Total Pension Liability - Beginning	103,557	99,229	96,852	92,303
Total Pension Liability - Ending (a)	106,756	103,557	99,229	96,852
Plan Net Position				
Contributions - Employer	4,279	3,947	3,371	3,596
Contributions - Employee	715	630	624	629
Net Investment Income	6,938	9,157	1,094	2,052
Transfer In				
Benefit Payments, Including Refunds	(6,692)	(6,173)	(5,975)	(5,577)
Administrative Expense	(105)	(74)	(133)	(96)
Net Change in Plan Net Position	5,135	7,487	(1,019)	604
Plan Fiduciary Net Position - Beginning	82,936	75,449	76,468	75,864
Plan Fiduciary Net Position - Ending (b)	88,071	82,936	75,449	76,468
Net Pension Liability - Ending (a) - (b)	\$ 18,685	\$ 20,621	\$ 23,780	\$ 20,384
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.09%	76.04%	78.95%
Covered Payroll	\$ 6,178	\$ 6,162	\$ 6,097	\$ 6,149
Net Pension Liability as a Percentage of Covered Payroll	302.44%	334.63%	390.03%	331.50%

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

Schedule of Employer Contributions						
(dollars in thousands)						
Fiscal Year Ended June 30	(a) Actuarially Determined Contribution	(b) Contributions in Relation to Actuarially Determined Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b) : (d)	
2008	\$ 3,401	\$ 1,896	\$ 1,505	\$ 5,723	33.13%	
2009	\$ 4,156	\$ 2,007	\$ 2,149	\$ 5,960	33.67%	
2010	\$ 3,735	\$ 2,023	\$ 1,712	\$ 5,645	35.84%	
2011	\$ 3,286	\$ 2,028	\$ 1,258	\$ 5,700	35.58%	
2012	\$ 2,979	\$ 1,973	\$ 1,006	\$ 5,847	33.74%	
2013	\$ 2,939	\$ 2,662	\$ 277	\$ 5,868	45.36%	
2014	\$ 2,949	\$ 2,717	\$ 232	\$ 5,634	48.23%	
2015	\$ 3,493	\$ 3,595	\$ (102)	\$ 6,149	58.46%	
2016	\$ 3,463	\$ 3,370	\$ 93	\$ 6,097	55.27%	
2017	\$ 3,604	\$ 3,947	\$ (343)	\$ 6,162	64.05%	
2018	\$ 3,273	\$ 4,279	\$ (1,006)	\$ 6,178	69.26%	

Schedule of Investment Returns						
	2018	2017	2016	2015	2014	2013
Annual Money Weighted Rate of Return, Net of Investment Expense	8.5%	12.4%	1.5%	2.7%	16.9%	8.8%

Schedule intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Note to the Judges' Retirement Fund Schedules:

Assumptions Used to Calculate Actuarially Determined Contributions	
Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll - Open
Amortization Period	11.1 Years
Actuarial Assumptions:	
Investment Rate of Return - Gross	7.00%
Projected Salary Increases, Including Inflation	3.75%
Post-retirement Cost of Living Allowance Increases	1.00% or 3.75%
Implied Price Inflation Rate	3.00%

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

OTHER POSTEMPLOYMENT BENEFITS

Schedule of Changes in Employer's Total OPEB Liability	
Retiree Healthcare Plan	
(dollars in thousands)	
	2018
Proportionate Share of Total OPEB Liability	
Service Cost	\$ 1,264
Interest	1,166
Benefit Changes	
Economic/Demographic Gains (Losses)	
Assumption Changes	
Expected Benefit Payments	(2,842)
Net Change in Total OPEB Liability	(412)
Total OPEB Liability - Beginning	32,738
Total OPEB Liability - Ending	\$ 32,326
Covered-Employee Payroll	\$ 1,007,857
Total OPEB Liability as a Percentage of Covered-Employee Payroll	3.21%
State's Proportion of Total OPEB Liability	92.50%

Schedule of Changes in Employer's Total OPEB Liability	
Long-Term Disability Healthcare Plan	
(dollars in thousands)	
	2018
Proportionate Share of Total OPEB Liability	
Service Cost	\$ 199
Interest	101
Benefit Changes	
Economic/Demographic Gains (Losses)	
Assumption Changes	
Expected Benefit Payments	(1,515)
Net Change in Total OPEB Liability	(1,215)
Total OPEB Liability - Beginning	3,358
Total OPEB Liability - Ending	\$ 2,143
Covered-Employee Payroll	\$ 1,007,857
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.21%
State's Proportion of Total OPEB Liability	92.50%

Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information **For the Fiscal Year Ended June 30, 2018**

Schedule of Changes in Employer's Total OPEB Liability
Long-Term Disability Life Insurance Plan
(dollars in thousands)

	2018
Proportionate Share of Total OPEB Liability	
Service Cost	
Interest	\$ 99
Benefit Changes	
Economic/Demographic Gains (Losses)	
Assumption Changes	
Expected Benefit Payments	(561)
Net Change in Total OPEB Liability	(462)
Total OPEB Liability - Beginning	3,050
Total OPEB Liability - Ending	\$ 2,588
Covered-Employee Payroll	\$ 1,007,857
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.26%
State's Proportion of Total OPEB Liability	92.50%

Schedule of Changes in Employer's Total OPEB Liability
Long-Term Disability Income Plan
(dollars in thousands)

	2018
Proportionate Share of Total OPEB Liability	
Service Cost	
Interest	\$ 71
Benefit Changes	
Economic/Demographic Gains (Losses)	
Assumption Changes	
Expected Benefit Payments	(366)
Net Change in Total OPEB Liability	(295)
Total OPEB Liability - Beginning	2,168
Total OPEB Liability - Ending	\$ 1,873
Covered-Employee Payroll	\$ 1,007,857
Total OPEB Liability as a Percentage of Covered-Employee Payroll	0.19%
State's Proportion of Total OPEB Liability	92.50%

Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

Schedule of Changes in Employer's Total OPEB Liability

Retiree Life Insurance Plan

(dollars in thousands)

	2018
Total OPEB Liability	
Service Cost	\$ 2,097
Interest	2,114
Benefit Changes	
Economic/Demographic Gains (Losses)	
Assumption Changes	
Expected Benefit Payments	(1,136)
Net Change in Total OPEB Liability	3,075
Total OPEB Liability - Beginning	57,514
Total OPEB Liability - Ending	\$ 60,589
Covered-Employee Payroll	\$ 325,265
Total OPEB Liability as a Percentage of Covered-Employee Payroll	18.63%
State's Proportion of Total OPEB Liability	100.00%

Schedule above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

For the above OPEB plans, no assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4; these benefits are funded on a pay-as-you-go basis.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

Schedule of Changes in Employer's Net OPEB Liability	
University of Idaho Plan	
(dollars in thousands)	
	2018
Total OPEB Liability	
Service Cost	\$ 505
Interest	3,606
Benefit Changes	
Economic/Demographic Gains (Losses)	
Assumption Changes	
Benefit Payments, Including Refunds	(2,676)
Net Change in Total OPEB Liability	1,435
Total OPEB Liability - Beginning	66,885
Total OPEB Liability - Ending (a)	68,320
Plan Net Position	
Contributions - Employer	2,961
Contributions - Employee	
Net Investment Income	3,528
Transfer In	
Benefit Payments, Including Refunds	(2,676)
Administrative Expense	(75)
Net Change in Plan Net Position	3,738
Plan Fiduciary Net Position - Beginning	31,247
Plan Fiduciary Net Position - Ending (b)	34,984
Net OPEB Liability/(Asset) - Ending (a) - (b)	\$ 33,336
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.21%
Covered-Employee Payroll	\$ 159,935
Net OPEB Liability/(Asset) as a Percentage of Covered-Employee Payroll	20.84%

Schedule above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

Schedule of Employer Contributions						
University of Idaho Plan						
(dollars in thousands)						
Fiscal Year Ended June 30	(a) Actuarially Determined Contributions	(b) Contributions in Relation to Actuarially Determined Contributions ¹	(c) Contributions Deficiency (Excess) (a) - (b)	(d) Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll (b) : (d)	
2010	\$ 5,863	\$ 6,801	\$ (938)	\$ 124,584	5.46%	
2011	\$ 5,250	\$ 5,618	\$ (368)	\$ 121,834	4.61%	
2012	\$ 4,806	\$ 5,201	\$ (395)	\$ 123,237	4.22%	
2013	\$ 3,723	\$ 4,404	\$ (681)	\$ 123,592	3.56%	
2014	\$ 3,368	\$ 3,178	\$ 190	\$ 132,777	2.39%	
2015	\$ 3,177	\$ 3,233	\$ (56)	\$ 140,728	2.30%	
2016	\$ 2,711	\$ 2,751	\$ (40)	\$ 150,995	1.82%	
2017	\$ 3,321	\$ 3,157	\$ 164	\$ 152,999	2.06%	
2018	\$ 3,537	N/A	N/A	\$ 157,589	N/A	

¹ For the years ending June 30, 2010 through 2011, the amount of actual contributions in relation to the Actuarially Determined Contribution were estimated based on the percentage contributed as shown in the footnotes of the University's Financial Statements for the years ended June 30, 2014 and 2013 and Report of Independent Auditors

Schedule above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.

Required Supplementary Information

For the Fiscal Year Ended June 30, 2018

Sick Leave Insurance Reserve Fund

Schedule of Net OPEB Liability Proportionate Share

(dollars in thousands)

	2018
Proportion of Net OPEB Liability (Asset)	89.01%
Proportionate Share of Net OPEB Liability (Asset)	\$ (84,677)
Covered-employee Payroll	\$ 977,312
Proportionate Share of Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	8.66%
Plan Fiduciary Net Position	\$ 186,498
Plan Total OPEB Liability	\$ 91,368
Plan Fiduciary Net Position as a Percentage of Plan Total OPEB Liability	204.12%

Schedule of Employer Contributions

(dollars in thousands)

Fiscal Year Ended June 30	(a) Actuarially Determined Contribution	(b) Contributions in Relation to Actuarially Determined Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll (b) : (d)
2017	\$ 3,812	\$ 6,353	\$ (2,541)	\$ 977,312	0.65%
2018	\$ 3,727	\$ 6,374	\$ (2,647)	\$ 980,674	0.65%

Schedules above intended to show information for 10 years. Information for additional years will be displayed as it becomes available.





Hiking the Shoreline Trail
in Farragut State Park

Combining Financial Statements

NONMAJOR GOVERNMENTAL FUNDS include nonmajor special revenue funds. The following provides a brief description of the nonmajor governmental funds.

NONMAJOR SPECIAL REVENUE FUNDS account for specific revenues that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Agriculture and Natural Resources Fund accounts for the financial position and operations associated with the maintenance, preservation, and regulation of the State's parks, water, air, and agricultural resources. The major sources of funding are dedicated user fees, taxes, and federal grants.

The Regulatory Fund accounts for the financial position and operations associated with various professional licensing and monitoring functions. The major sources of funding are taxes and license fees.

The Fish and Game Fund accounts for the financial position and operations associated with enforcing and administering the fish and game laws in Idaho and perpetuating and managing the State's wildlife resources. The major sources of funding are dedicated user fees and federal grants.

The Federal Fund accounts for a portion of the financial position and operations associated with federal grants received by the State. Some federal grants are included in other funds of the State.

The Miscellaneous Fund accounts for the financial position and operations associated with general government services. The major sources of funding are provided by the sale of goods and services, miscellaneous taxes and fees, and other revenues.

The Building Authority accounts for the financial position and operations associated with the construction and financing of facilities, such as office buildings and parking garages to be used by the State. The major sources of funding are the sale of goods and services and bonds issued. The Building Authority is a blended component unit.

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018

(dollars in thousands)

	Special Revenue		
	Agriculture and Natural Resources	Regulatory	Fish and Game
ASSETS			
Cash and Cash Equivalents	\$ 6,719	\$ 1,108	\$ 1,194
Pooled Cash and Investments	104,760	74,861	25,005
Investments	42,294	21,049	13,654
Accounts Receivable, Net	4,728	3,101	1,387
Taxes Receivable, Net	4,636		
Interfund Receivables	20	87	71
Due from Other Entities	1,842		7,267
Inventories and Prepaid Items	2,884	667	9,264
Loans, Notes, and Pledges Receivable, Net	3,515		65
Other Assets	460	215	97
Restricted Assets:			
Cash and Cash Equivalents	11,668	1,058	6,234
Investments	86,956		30,688
Total Assets	\$ 270,482	\$ 102,146	\$ 94,926
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 4,211	\$ 124	\$ 1,306
Payroll and Related Liabilities	2,117	1,202	1,855
Interfund Payables	100	39	65
Due to Other Entities	11		
Unearned Revenue	3,991	1,313	523
Amounts Held in Trust for Others	964	137	5
Other Accrued Liabilities	741	448	1,428
Total Liabilities	12,135	3,263	5,182
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	469	2,686	320
Fund Balances			
Nonspendable:			
Permanent Trusts			7,812
Inventories and Prepaid Items	2,884	667	9,264
Noncurrent Receivables			
Restricted	179,767	95,530	72,348
Committed	73,720		
Assigned	1,507		
Total Fund Balances	257,878	96,197	89,424
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 270,482	\$ 102,146	\$ 94,926

Federal	Miscellaneous	Building Authority	Total
		\$ 2,854	\$ 11,875
\$ 498	\$ 97,285		302,409
	22,043		99,040
123	15,939		25,278
	2,285		6,921
426	592		1,196
53,519			62,628
736	3,798		17,349
			3,580
45	1,148		1,965
13,836	642	120,305	153,743
			117,644
<u>\$ 69,183</u>	<u>\$ 143,732</u>	<u>\$ 123,159</u>	<u>\$ 803,628</u>
\$ 37,198	\$ 1,299	\$ 6,474	\$ 50,612
2,976	1,986		10,136
1,294	94		1,592
			11
1,940			7,767
			1,106
642	40		3,299
<u>44,050</u>	<u>3,419</u>	<u>6,474</u>	<u>74,523</u>
9,187	14,724		27,386
			7,812
736	3,798		17,349
15,210	77,439	116,685	556,979
	44,352		118,072
			1,507
<u>15,946</u>	<u>125,589</u>	<u>116,685</u>	<u>701,719</u>
<u>\$ 69,183</u>	<u>\$ 143,732</u>	<u>\$ 123,159</u>	<u>\$ 803,628</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	Special Revenue		
	Agriculture and Natural Resources	Regulatory	Fish and Game
REVENUES			
Sales Tax	\$ 4,800		
Individual and Corporate Taxes	17		\$ 10
Other Taxes	41,391	\$ 87,755	
Licenses, Permits, and Fees	48,563	62,810	46,627
Sale of Goods and Services	7,152	1,765	1,290
Grants and Contributions	22,028	252	54,518
Investment Income	6,228	(230)	4,109
Other Income	3,434	626	988
Total Revenues	133,613	152,978	107,542
EXPENDITURES			
Current:			
General Government		3,805	
Public Safety and Correction		2,982	
Education			
Economic Development	47,772	59,367	100
Natural Resources	68,110	1,052	90,221
Capital Outlay	6,775	1,431	13,492
Intergovernmental Revenue Sharing	14,878		
Debt Service:			
Principal Retirement	1	5	543
Interest and Other Charges		1	126
Total Expenditures	137,536	68,643	104,482
Revenues Over (Under) Expenditures	(3,923)	84,335	3,060
OTHER FINANCING SOURCES (USES)			
Bonds and Notes Issued			1,325
Premium on Bonds Issued			
Capital Lease Acquisitions			
Sale of Capital Assets	252	112	790
Transfers In	20,632	11	398
Transfers Out	(2,167)	(80,101)	(140)
Total Other Financing Sources (Uses)	18,717	(79,978)	2,373
Net Changes in Fund Balances	14,794	4,357	5,433
Fund Balances - Beginning of Year, as Restated	243,084	91,840	83,991
Fund Balances - End of Year	\$ 257,878	\$ 96,197	\$ 89,424

Federal	Miscellaneous	Building Authority	Total
	\$ 1,671		\$ 6,471
			27
\$ 264	32,931		162,341
2	26,261		184,263
110	16,943	\$ 14,769	42,029
455,522	537		532,857
64	4,363	506	15,040
184	12,348	917	18,497
456,146	95,054	16,192	961,525
64,022	6,018	452	74,297
7,570	56,129		66,681
251,303	5,070		256,373
71,373	29,956		208,568
4,849			164,232
20,445	6,430		167,762
37,577	10,235	119,189	62,690
15		8,960	9,524
1		7,844	7,972
457,155	113,838	136,445	1,018,099
(1,009)	(18,784)	(120,253)	(56,574)
		227,715	229,040
		1,765	1,765
113	174		1,441
154	29,150		50,345
(765)	(81)		(83,254)
(498)	29,243	229,480	199,337
(1,507)	10,459	109,227	142,763
17,453	115,130	7,458	558,956
\$ 15,946	\$ 125,589	\$ 116,685	\$ 701,719

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	Special Revenue			
	Agricultural and Natural Resources			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$ 4,800	\$ 4,800	\$ 4,800	
Other Taxes	41,083	41,083	41,083	
Licenses, Permits, and Fees	48,231	48,231	48,231	
Sale of Goods and Services	7,088	7,088	7,088	
Grants and Contributions	22,436	22,436	22,436	
Investment Income	1,004	1,004	1,004	
Other Income	1,949	1,949	1,949	
Total Revenues	\$ 126,591	\$ 126,591	126,591	
EXPENDITURES				
General Government				
Public Safety and Correction				
Health and Human Services				
Education				
Economic Development	\$ 54,739	\$ 55,003	48,241	\$ 6,762
Natural Resources	127,378	127,532	85,760	41,772
Total Expenditures	\$ 182,117	\$ 182,535	134,001	\$ 48,534
Revenues Over (Under) Expenditures			(7,410)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Premium on Bonds Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			252	
Transfers In			20,632	
Transfers Out			(2,167)	
Total Other Financing Sources (Uses)			18,717	
Revenues and Other Financing Sources Over (Under)			11,307	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			7,022	
Changes Affected by Accrued Expenditures			(3,535)	
Fund Balances - Beginning of Year, as Restated			243,084	
Fund Balances - End of Year			\$ 257,878	

continued

Special Revenue							
Regulatory				Fish and Game			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 93,019	\$ 93,019	\$ 93,019					
62,826	62,826	62,826		\$ 46,627	\$ 46,627	\$ 46,627	
1,639	1,639	1,639		1,290	1,290	1,290	
249	249	249		49,275	49,275	49,275	
123	123	123		1,796	1,796	1,796	
478	478	478		955	955	955	
<u>\$ 158,334</u>	<u>\$ 158,334</u>	<u>158,334</u>		<u>\$ 99,943</u>	<u>\$ 99,943</u>	<u>99,943</u>	
\$ 3,807	\$ 3,807	3,807					
3,495	3,529	2,967	\$ 562				
65,585	65,725	60,505	5,220	\$ 216	\$ 216	100	\$ 116
1,618	1,618	1,033	585	118,700	119,098	105,282	13,816
<u>\$ 74,505</u>	<u>\$ 74,679</u>	<u>68,312</u>	<u>\$ 6,367</u>	<u>\$ 118,916</u>	<u>\$ 119,314</u>	<u>105,382</u>	<u>\$ 13,932</u>
		<u>90,022</u>				<u>(5,439)</u>	
						1,325	
		112				790	
		11				398	
		<u>(80,101)</u>				<u>(140)</u>	
		<u>(79,978)</u>				<u>2,373</u>	
		10,044				<u>(3,066)</u>	
		(5,356)				7,599	
		(331)				900	
		91,840				83,991	
		<u>\$ 96,197</u>				<u>\$ 89,424</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	Special Revenue			
	Federal			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax				
Other Taxes	\$ 264	\$ 264	\$ 264	
Licenses, Permits, and Fees	2	2	2	
Sale of Goods and Services	84	84	84	
Grants and Contributions	457,863	457,863	457,863	
Investment Income	187	187	187	
Other Income	190	190	190	
Total Revenues	<u>\$ 458,590</u>	<u>\$ 458,590</u>	<u>458,590</u>	
EXPENDITURES				
General Government	\$ 116,296	\$ 151,571	93,680	\$ 57,891
Public Safety and Correction	14,807	14,906	10,045	4,861
Health and Human Services				
Education	320,808	321,105	269,320	51,785
Economic Development	124,548	125,302	83,046	42,256
Natural Resources	19,137	19,137	9,379	9,758
Total Expenditures	<u>\$ 595,596</u>	<u>\$ 632,021</u>	<u>465,470</u>	<u>\$ 166,551</u>
Revenues Over (Under) Expenditures			<u>(6,880)</u>	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued				
Premium on Bonds Issued				
Capital Lease Acquisitions				
Sale of Capital Assets			113	
Transfers In			154	
Transfers Out			(765)	
Total Other Financing Sources (Uses)			<u>(498)</u>	
Revenues and Other Financing Sources Over (Under)			<u>(7,378)</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			(2,444)	
Changes Affected by Accrued Expenditures			8,315	
Fund Balances - Beginning of Year			<u>17,453</u>	
Fund Balances - End of Year			<u>\$ 15,946</u>	

*continued***Special Revenue**

Miscellaneous				Building Authority			
Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
\$ 1,671	\$ 1,671	\$ 1,671					
27,701	27,701	27,701					
26,245	26,245	26,245					
12,766	12,766	12,766		\$ 14,769	\$ 14,769	\$ 14,769	
1,469	1,469	1,469					
5,291	5,291	5,291		506	506	506	
12,207	12,207	12,207		917	917	917	
<u>\$ 87,350</u>	<u>\$ 87,350</u>	<u>87,350</u>		<u>\$ 16,192</u>	<u>\$ 16,192</u>	<u>16,192</u>	
\$ 8,000	\$ 8,000	7,689	\$ 311	\$ 136,445	\$ 136,445	136,445	
74,156	74,489	64,724	9,765				
7,002	7,009	5,077	1,932				
49,699	49,713	35,368	14,345				
36	36		36				
<u>\$ 138,893</u>	<u>\$ 139,247</u>	<u>112,858</u>	<u>\$ 26,389</u>	<u>\$ 136,445</u>	<u>\$ 136,445</u>	<u>136,445</u>	
		(25,508)				(120,253)	
						227,715	
						1,765	
		174					
		29,150					
		(81)					
		<u>29,243</u>				<u>229,480</u>	
		3,735				109,227	
		7,704					
		(980)					
		115,130				7,458	
		<u>\$ 125,589</u>				<u>\$ 116,685</u>	

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**Budget and Actual****Nonmajor Governmental Funds****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	Total			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sales Tax	\$ 6,471	\$ 6,471	\$ 6,471	
Other Taxes	162,067	162,067	162,067	
Licenses, Permits, and Fees	183,931	183,931	183,931	
Sale of Goods and Services	37,636	37,636	37,636	
Grants and Contributions	531,292	531,292	531,292	
Investment Income	8,907	8,907	8,907	
Other Income	16,696	16,696	16,696	
Total Revenues	\$ 947,000	\$ 947,000	947,000	
EXPENDITURES				
General Government	\$ 264,548	\$ 299,823	241,621	\$ 58,202
Public Safety and Correction	92,458	92,924	77,736	15,188
Health and Human Services				
Education	327,810	328,114	274,397	53,717
Economic Development	294,787	295,959	227,260	68,699
Natural Resources	266,869	267,421	201,454	65,967
Total Expenditures	\$ 1,246,472	\$ 1,284,241	1,022,468	\$ 261,773
Revenues Over (Under) Expenditures			(75,468)	
OTHER FINANCING SOURCES (USES)				
Bonds and Notes Issued			229,040	
Premium on Bonds Issued			1,765	
Capital Lease Acquisitions				
Sale of Capital Assets			1,441	
Transfers In			50,345	
Transfers Out			(83,254)	
Total Other Financing Sources (Uses)			199,337	
Revenues and Other Financing Sources Over (Under)			123,869	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			14,525	
Changes Affected by Accrued Expenditures			4,369	
Fund Balances - Beginning of Year			558,956	
Fund Balances - End of Year			\$ 701,719	



Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance**Budget and Actual****Major Permanent Fund****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	Land Endowments			
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget
REVENUES				
Sale of Goods and Services	\$ 76,137	\$ 76,137	\$ 76,137	
Investment Income	201,521	201,521	201,521	
Total Revenues	<u>\$ 277,658</u>	<u>\$ 277,658</u>	<u>277,658</u>	
EXPENDITURES				
Natural Resources	\$ 41,624	\$ 41,670	36,530	\$ 5,140
Total Expenditures	<u>\$ 41,624</u>	<u>\$ 41,670</u>	<u>36,530</u>	<u>\$ 5,140</u>
Revenues Over (Under) Expenditures			<u>241,128</u>	
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets			44,266	
Transfers In				
Transfers Out			(73,683)	
Total Other Financing Sources (Uses)			<u>(29,417)</u>	
Revenues and Other Financing Sources Over (Under)			<u>211,711</u>	
Expenditures and Other Financing Uses				
Reconciling Items				
Changes Affected by Accrued Revenues			(529)	
Changes Affected by Accrued Expenditures			(2,442)	
Fund Balances - Beginning of Year, as Restated			<u>2,112,492</u>	
Fund Balances - End of Year			<u>\$ 2,321,232</u>	

NONMAJOR ENTERPRISE FUNDS account for those funds that provide goods or services to the general public and finance their operations primarily through user charges. The following provide brief descriptions of the nonmajor enterprise funds.

The State Lottery Fund accounts for the financial position and operations associated with lottery games. Established by the Legislature in 1988, the State Lottery's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, to oversee lottery operations, and to maximize the net income of the lottery for the benefit of the State. Annually, on July 1, the State Lottery's surplus net income is distributed as follows: 3/8 of its net income to the permanent building account, 3/8 of its net income to the school district building account, and 1/4 of its net income to the bond levy equalization fund as dictated by Idaho Code Section 67-7434.

The State Liquor Fund accounts for the financial position and operations associated with the distribution, sale, and consumption of alcoholic beverages. Per Idaho Code Section 23-404, after deducting administrative and operating costs for the Liquor Division, distributions are made to cities, counties, the General Fund, and various other funds of the State.

The Correctional Industries Fund accounts for the financial position and operations associated with employment for inmates of the Department of Correction. Correctional Industries manufactures and sells a variety of items including license plates, furniture, highway signs, printing services, and other products and services.

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2018

(dollars in thousands)

	State Lottery	State Liquor	Correctional Industries	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 2,577			\$ 2,577
Pooled Cash and Investments		\$ 20,494	\$ 7,825	28,319
Accounts Receivable, Net	1,923	91	636	2,650
Interfund Receivables			153	153
Inventories and Prepaid Items	90	17,242	1,364	18,696
Other Current Assets		162	12	174
Total Current Assets	4,590	37,989	9,990	52,569
Noncurrent Assets				
Restricted Cash and Cash Equivalents	55,748			55,748
Other Noncurrent Assets				
Capital Assets, Net	421	9,100	2,576	12,097
Total Noncurrent Assets	56,169	9,100	2,576	67,845
Total Assets	60,759	47,089	12,566	120,414
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows	444	1,531	287	2,262
Total Assets and Deferred Outflows of Resources	\$ 61,203	\$ 48,620	\$ 12,853	\$ 122,676
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 1,505	\$ 11,103	\$ 206	\$ 12,814
Payroll and Related Liabilities	135	393	80	608
Interfund Payables		7,150	198	7,348
Due to Other Entities		7,905		7,905
Unearned Revenue			264	264
Other Accrued Liabilities	3,680			3,680
Compensated Absences Payable	145	538	83	766
Bonds, Notes, and Capital Leases Payable	42			42
Total Current Liabilities	5,507	27,089	831	33,427
Noncurrent Liabilities				
Bonds, Notes, and Capital Leases Payable	59			59
Other Long-Term Obligations	1,179	4,115	765	6,059
Total Noncurrent Liabilities	1,238	4,115	765	6,118
Total Liabilities	6,745	31,204	1,596	39,545
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows	199	591	193	983
NET POSITION				
Net Investment in Capital Assets	319	9,100	2,576	11,995
Restricted for:				
Other Purposes	53,940	7,725	8,488	70,153
Total Net Position	54,259	16,825	11,064	82,148
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 61,203	\$ 48,620	\$ 12,853	\$ 122,676

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	State Lottery	State Liquor	Correctional Industries	Total
OPERATING REVENUES				
Licenses, Permits, and Fees		\$ 4		\$ 4
Sale of Goods and Services	\$ 265,770	211,240	\$ 9,415	486,425
Other Income	36	110	828	974
Total Operating Revenues	265,806	211,354	10,243	487,403
OPERATING EXPENSES				
Personnel Costs	3,218	12,352	1,917	17,487
Services and Supplies	32,052	116,031	5,311	153,394
Benefits, Awards, and Premiums	176,188			176,188
Depreciation	127	712	333	1,172
Other Expenses	324	6,479	1,868	8,671
Total Operating Expenses	211,909	135,574	9,429	356,912
Operating Income (Loss)	53,897	75,780	814	130,491
NONOPERATING REVENUES (EXPENSES)				
Investment Income	5	165	69	239
Interest Expense	(7)			(7)
Intergovernmental Distributions		(37,206)		(37,206)
Gain (Loss) on Sale of Capital Assets		(6)		(6)
Other Nonoperating Revenues (Expenses)				
Total Nonoperating Revenues (Expenses)	(2)	(37,047)	69	(36,980)
Income (Loss) Before Transfers	53,895	38,733	883	93,511
Transfers Out	(48,500)	(37,229)		(85,729)
Change in Net Position	5,395	1,504	883	7,782
Total Net Position - Beginning of Year, as Restated	48,864	15,321	10,181	74,366
Total Net Position - End of Year	\$ 54,259	\$ 16,825	\$ 11,064	\$ 82,148

Combining Statement of Cash Flows**Nonmajor Enterprise Funds****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	State Lottery	State Liquor	Correctional Industries	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 265,027	\$ 211,395	\$ 5,584	\$ 482,006
Receipts from Interfund Services		2	4,813	4,815
Payments to Employees	(3,183)	(12,830)	(1,995)	(18,008)
Payments to Suppliers	(31,900)	(120,211)	(6,872)	(158,983)
Payments for Interfund Services		(570)	(272)	(842)
Payments for Benefits, Awards, and Claims	(174,870)			(174,870)
Other Receipts		2	1	3
Other Payments		(315)	(135)	(450)
Net Cash Provided (Used) by Operating Activities	55,074	77,473	1,124	133,671
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Distributions		(36,611)		(36,611)
Transfers Out	(48,500)	(36,610)		(85,110)
Net Cash Provided (Used) by Noncapital Financing Activities	(48,500)	(73,221)		(121,721)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING				
Proceeds from Bonds and Notes				
Principal Payments	(88)			(88)
Interest Payments	(7)			(7)
Proceeds from Disposition of Capital Assets				
Acquisition and Construction of Capital Assets	(36)	(689)	(352)	(1,077)
Net Cash Provided (Used) by Capital and Related Financing Activities	(131)	(689)	(352)	(1,172)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipt of Interest and Dividends	5	229	62	296
Other Investing Activities		(26)	(11)	(37)
Net Cash Provided (Used) by Investing Activities	5	203	51	259
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	6,448	3,766	823	11,037
Beginning Cash, Cash Equivalents, and Pooled Cash	51,877	16,728	7,002	75,607
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 58,325	\$ 20,494	\$ 7,825	\$ 86,644
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 53,897	\$ 75,780	\$ 814	\$ 130,491
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by				
Depreciation and Amortization	127	712	333	1,172
Net Changes in Assets and Liabilities:				
Accounts Receivable/Interfund Receivables	(780)	45	(143)	(878)
Inventories and Prepaid Items		1,128	(184)	944
Other Assets	391	7	36	434
Accounts Payable/Interfund Payables	1,416	286	84	1,786
Unearned Revenue			264	264
Compensated Absences		30		30
Other Accrued Liabilities	92	(1,199)	(338)	(1,445)
Net Changes in Deferred Outflows/Inflows of Resources	(69)	684	258	873
Net Cash Provided (Used) by Operating Activities	\$ 55,074	\$ 77,473	\$ 1,124	\$ 133,671
Noncash Transactions (dollars in thousands):				

State Liquor recorded an interfund payable of \$438 due on July 1, 2018 and an interfund transfer of \$619. Disposal of capital assets at a loss of \$6 in State Liquor. State Lottery proceeds from notes payable for \$74. Restated net position by \$432 for State Liquor and by \$56 for Correctional Industries due to the implementation of GASB Statement No. 75.

INTERNAL SERVICE FUNDS account for those funds which provide goods or services to state agencies and governmental units on a cost-reimbursement basis. The following provide brief descriptions of operations included in the internal service funds.

The Group Insurance Fund, created by Idaho Code Section 67-5771, accounts for health insurance for all state employees and optional coverage for dependents and retirees. The fund also provides life insurance and short and long-term disability coverage.

The Risk Management Fund, created by Idaho Code Section 67-5776, accounts for insurance coverage and loss prevention to all state agencies. Coverage is provided using a combination of self-insurance and insurance purchased from commercial carriers.

The General Services Fund, created by Idaho Code Sections 67-5703, 67-5744, and 67-3516, accounts for statewide auditing, human resources, treasury, surplus property redistribution and sale, copying, purchasing, mail, and voice and data communication services.

The Data Processing Services Fund, created by Idaho Code Section 67-1021, accounts for data processing services provided by the Office of the State Controller to the various state agencies.

Combining Statement of Net Position

Internal Service Funds

June 30, 2018

(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
ASSETS					
Current Assets					
Pooled Cash and Investments	\$ 56,002	\$ 2,577	\$ 14,278	\$ 2,810	\$ 75,667
Accounts Receivable, Net	118	2	1,067	4	1,191
Interfund Receivables		9	459	349	817
Inventories and Prepaid Items		60	2,620	1,591	4,271
Other Current Assets	317	42	20	4	383
Total Current Assets	56,437	2,690	18,444	4,758	82,329
Noncurrent Assets					
Restricted Cash and Cash Equivalents	32,872				32,872
Investments	40,974	8,018			48,992
Other Noncurrent Assets					
Capital Assets, Net	6	8	13,665	1,169	14,848
Total Noncurrent Assets	73,852	8,026	13,665	1,169	96,712
Total Assets	130,289	10,716	32,109	5,927	179,041
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	75	75	1,482	659	2,291
Total Assets and Deferred Outflows of Resources	\$ 130,364	\$ 10,791	\$ 33,591	\$ 6,586	\$ 181,332
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 93		\$ 1,104		\$ 1,197
Payroll and Related Liabilities	15	\$ 17	361	\$ 148	541
Interfund Payables			12		12
Unearned Revenue	18,822			327	19,149
Other Accrued Liabilities	3		89		92
Compensated Absences Payable	29	27	567	243	866
Bonds, Notes, and Capital Leases Payable			320		320
Policy Claim Liabilities	2,373	3,600			5,973
Total Current Liabilities	21,335	3,644	2,453	718	28,150
Noncurrent Liabilities					
Bonds, Notes, and Capital Leases Payable			1,394		1,394
Policy Claim Liabilities		9,240			9,240
Other Long-Term Obligations	183	176	3,502	1,832	5,693
Total Noncurrent Liabilities	183	9,416	4,896	1,832	16,327
Total Liabilities	21,518	13,060	7,349	2,550	44,477
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	29	30	573	290	922
NET POSITION					
Net Investment in Capital Assets	7	8	11,950	1,169	13,134
Restricted for:					
Claims and Judgments	32,872				32,872
Other Purposes	75,938	(2,307)	5,012	2,577	81,220
Unrestricted			8,707		8,707
Total Net Position	108,817	(2,299)	25,669	3,746	135,933
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 130,364	\$ 10,791	\$ 33,591	\$ 6,586	\$ 181,332

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**Internal Service Funds****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
OPERATING REVENUES					
Licenses, Permits, and Fees				\$ 1	\$ 1
Sale of Goods and Services	\$ 319,475	\$ 10,764	\$ 35,998	7,831	374,068
Grants and Contributions			140		140
Other Income	2,318	2	172	5	2,497
Total Operating Revenues	321,793	10,766	36,310	7,837	376,706
OPERATING EXPENSES					
Personnel Costs	460	584	10,592	4,207	15,843
Services and Supplies	325	3,654	15,309	2,920	22,208
Benefits, Awards, and Premiums	297,973	7,603			305,576
Depreciation	1	1	968	305	1,275
Other Expenses	1,468	86	5,055	66	6,675
Total Operating Expenses	300,227	11,928	31,924	7,498	351,577
Operating Income (Loss)	21,566	(1,162)	4,386	339	25,129
NONOPERATING REVENUES (EXPENSES)					
Investment Income	1,365	85	109	28	1,587
Interest Expense			(76)		(76)
Gain (Loss) on Sale of Capital Assets			7	(8)	(1)
Other Nonoperating Revenues (Expenses)			(6)		(6)
Total Nonoperating Revenues (Expenses)	1,365	85	34	20	1,504
Income (Loss) Before Transfers	22,931	(1,077)	4,420	359	26,633
Capital Contributions					
Transfers In			1,742		1,742
Transfers Out					
Change in Net Position	22,931	(1,077)	6,162	359	28,375
Total Net Position - Beginning of Year, as Restated	85,886	(1,222)	19,507	3,387	107,558
Total Net Position - End of Year	\$ 108,817	\$ (2,299)	\$ 25,669	\$ 3,746	\$ 135,933

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Group Insurance	Risk Management	General Services	Data Processing Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers	\$ 20,012	\$ 316	\$ 8,328		\$ 28,656
Receipts from Interfund Services	305,045	10,453	26,663	\$ 7,885	350,046
Receipts from Grants and Contributions			140		140
Payments to Employees	(479)	(614)	(11,125)	(4,398)	(16,616)
Payments to Suppliers	(423)	(3,710)	(18,412)	(2,899)	(25,444)
Payments for Interfund Services	(32)	(51)	(1,362)	(60)	(1,505)
Payments for Benefits, Awards, and Claims	(295,600)	(5,901)			(301,501)
Other Receipts	8				8
Other Payments	(1,495)	(46)	(247)	(54)	(1,842)
Net Cash Provided (Used) by Operating Activities	27,036	447	3,985	474	31,942
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In			1,742		1,742
Interest Payments					
Other Receipts					
Net Cash Provided (Used) by Noncapital Financing Activities			1,742		1,742
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal Payments			\$ (289)		(289)
Interest Payments			(92)		(92)
Proceeds from Disposition of Capital Assets			7		7
Acquisition and Construction of Capital Assets	(6)	(1)	(1,394)	(563)	(1,964)
Net Cash Provided (Used) by Capital and Related Financing	(6)	(1)	(1,768)	(563)	(2,338)
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipt of Interest and Dividends	2,237	235	123	63	2,658
Purchase of Investments	(837)	(166)			(1,003)
Redemption of Investments	196				196
Other Investing Activities	(1)		(36)	(28)	(65)
Net Cash Provided (Used) by Investing Activities	1,595	69	87	35	1,786
Net Increase (Decrease) in Cash, Cash Equivalents, and Pooled Cash	28,625	515	4,046	(54)	33,132
Beginning Cash, Cash Equivalents, and Pooled Cash	60,249	2,062	10,232	2,864	75,407
Ending Cash, Cash Equivalents, and Pooled Cash	\$ 88,874	\$ 2,577	\$ 14,278	\$ 2,810	\$ 108,539
Reconciliation of Operating Income (Loss) to Net Cash					
Operating Income (Loss)	\$ 21,566	\$ (1,162)	\$ 4,386	\$ 339	\$ 25,129
Adjustments to Reconcile Operating Income to Net Cash Provided					
Depreciation and Amortization	1	1	968	305	1,275
Net Changes in Assets and Liabilities:					
Accounts Receivable/Interfund Receivables	(118)	3	(1,139)	172	(1,082)
Inventories and Prepaid Items		(60)	(179)	(15)	(254)
Other Assets	2,337	3	51	3	2,394
Accounts Payable/Interfund Payables	(158)	(7)	521	(12)	344
Unearned Revenue	1,053		(83)	(125)	845
Compensated Absences	1	(7)	(62)	(25)	(93)
Policy Claim Liabilities	2,373	1,702			4,075
Other Accrued Liabilities	(19)	(26)	(478)	(168)	(691)
Net Cash Provided (Used) by Operating Activities	\$ 27,036	\$ 447	\$ 3,985	\$ 474	\$ 31,942
Noncash Transactions (dollars in thousands):					

Investments decreased in fair value by \$735 for Group Insurance and by \$144 for Risk Management. Restated net position by \$12 for Group Insurance, \$14 for Risk Management, \$242 for General Services, and \$99 for Data Processing due to the implementation of GASB Statement No. 75. Disposal of capital assets at a loss of \$8 in Data Processing Services.

FIDUCIARY FUNDS report assets held in a trustee or agency capacity for others and therefore cannot be used to support the State's own programs. The following provide brief descriptions of the State's fiduciary funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, deferred compensation plans, and other postemployment benefit plans. The State's pension trust funds include the following:

The PERSI Base Plan and the Firefighters' Retirement Fund are cost-sharing, multiple employer defined benefit retirement plans that provide benefits based on member's years of service, age, and highest average salary. In addition, benefits are provided for disability, for death, and to eligible members' beneficiaries.

The Judges' Retirement Fund is a single-employer defined benefit plan that provides retirement benefits to retired justices, judges, and eligible administrative directors. The Fund also provides allowances to surviving spouses.

The Deferred Compensation Plan is an IRS Section 457(b) tax-advantaged trust fund that accounts for the resources contributed by individuals to fund their retirement.

The 414(k) Plan and the 401(k) Plan are defined contribution retirement plans that consist of gain sharing allocations, voluntary employee contributions, rollover contributions, and some employer matching contributions.

The Sick Leave Insurance Reserve-State Fund and the Sick Leave Insurance Reserve-Schools Fund provide payment of health insurance premiums on behalf of retired employees based on accumulated unused sick leave at the time of retirement.

The University of Idaho Retiree Benefit Trust Fund provides medical and dental benefits to eligible University of Idaho retirees, disabled employees, spouses, and survivors. Employees hired prior to January 1, 2002, are eligible to participate in this plan.

The University of Idaho Health Benefit Trust Fund provides medical, mental health, dental, and vision benefits to active and retired University of Idaho employees.

INVESTMENT TRUST FUNDS account for assets invested by the State on behalf of other governmental entities. The following provide brief descriptions of the State's investment trust funds:

The Local Government Investment Pool is an external investment pool sponsored by the State Treasurer's Office for Local Government Investment Pool participants. The purpose of the Pool is to provide a safe liquid vehicle for investing monies not needed to meet immediate operating obligations and to obtain the best interest rate available at the time of investment.

The Diversified Bond Fund is an external investment pool sponsored by the State Treasurer's Office for Diversified Bond Fund participants. The purpose of the Fund is to provide an investment vehicle with a reasonable level of current income and potential capital appreciation as measured on a long-term basis.

AGENCY FUNDS account for resources held by the State in a purely custodial capacity. The following provides a brief description of the State's agency fund:

The Custodial Fund accounts for residual idle cash and investments held by the State on behalf of other governmental entities and administered by the State Treasurer's Office. The fund also accounts for the receipts and disbursements of monies collected by the State and distributed to entities or individuals. This includes deposits of securities by banks and insurance companies doing business in the State.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2018
(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Defined Contribution 414(k)
ASSETS					
Cash and Cash Equivalents	\$ 261	\$ 6			\$ 65
Pooled Cash and Investments	7,784	189	\$ 537		
Investments:					
Pooled Short Term	251,239	6,111	1,356		
Fixed Income Investments	3,651,720	88,821	19,702	\$ 207,523	
Marketable Securities	10,081,332	245,209	54,393		
Mutual Funds and Private Equities	989,130	24,059	5,337	262,825	58,003
Mortgages and Real Estate	1,306,552	31,779	7,049		
Other Investments				2,052	
Receivables:					
Investments Sold	71,424	1,729	385	3,218	
Contributions	3,352	62		174	12
Interest and Dividends	54,704	1,325	295		147
Interfund Receivables	16				
Other Receivables					
Other Assets	72,872				
Capital Assets, Net	11,493				
Total Assets	16,501,879	399,290	89,054	475,792	58,227
LIABILITIES					
Accounts Payable	516	13			
Interfund Payables	2,122	52			1
Unearned Revenue					
Investments Purchased	171,656	4,173	927		
Policy Claim Liabilities					
Other Accrued Liabilities	11,685	3	56		9
Total Liabilities	185,979	4,241	983		10
NET POSITION					
Held in Trust for:					
Net Position Restricted for Pensions	16,315,900	395,049	88,071	475,792	58,217
Net Position Restricted for OPEB					
Trust Beneficiaries					
Total Net Position	\$ 16,315,900	\$ 395,049	\$ 88,071	\$ 475,792	\$ 58,217

Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefits Trust	U of I Health Benefits Trust	Total
\$ 770			\$ 1,038	\$ 1,956	\$ 4,096
	\$ 30	\$ 46			8,586
1,753			27,097		287,556
	65,156	87,337	4,525	3,568	4,128,352
	139,902	225,782			10,746,618
874,508			2,324		2,216,186
					1,345,380
					2,052
					76,756
898					4,498
2,428			1	17	58,917
	845	1,329			2,190
	346	898			74,116
					11,493
880,357	206,279	315,392	34,985	5,541	18,966,796
				180	709
15					2,190
					176,756
				2,302	2,302
207	19	29			12,008
222	19	29		2,482	193,965
880,135					18,213,164
	206,260	315,363	34,985		556,608
				3,059	3,059
\$ 880,135	\$ 206,260	\$ 315,363	\$ 34,985	\$ 3,059	\$ 18,772,831

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	PERSI Base Plan	Firefighters' Retirement	Judges' Retirement	Deferred Compensation 457(b)	Define Contribution 414(k)
ADDITIONS					
Contributions:					
Member	\$ 243,951	\$ 4	\$ 715	\$ 20,555	
Employer	369,139	7,706	4,279		
Transfers In from Other Plans				11,391	
Total Contributions	613,090	7,710	4,994	31,946	
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	976,147	23,635	5,262	44,471	\$ 3,627
Interest, Dividends, and Other	355,329	8,603	1,910	7,912	106
Less Investment Expense:					
Investment Activity Expense	(46,014)	(1,114)	(242)		(12)
Net Investment Income	1,285,462	31,124	6,930	52,383	3,721
Miscellaneous Income	38		8		
Total Additions	1,898,590	38,834	11,932	84,329	3,721
DEDUCTIONS					
Benefits and Refunds Paid to Plan Members	909,714	18,933	6,692		3,211
Administrative Expense	8,922	30	105	216	10
Participant Withdrawals				22,521	
Total Deductions	918,636	18,963	6,797	22,737	3,221
Change in Net Position Held in Trust for:					
Employee Pension Benefits	979,954	19,871	5,135	61,592	500
Employee Postemployment Healthcare Benefits					
Trust Beneficiaries					
Net Position - Beginning of Year	15,335,946	375,178	82,936	414,200	57,717
Net Position - End of Year	\$ 16,315,900	\$ 395,049	\$ 88,071	\$ 475,792	\$ 58,217

Defined Contribution 401(k)	Sick Leave Insurance Reserve-State	Sick Leave Insurance Reserve-Schools	U of I Retiree Benefits Trust	U of I Health Benefits Trust	Total
\$ 52,141				\$ 5,410	\$ 322,776
5,993	\$ 7,161	\$ 15,599	\$ 210	22,572	432,659
14,179					25,570
72,313	7,161	15,599	210	27,982	781,005
53,200	17,434	26,698	3,612	47	1,154,133
17,707					391,567
(2,083)	(119)	(153)			(49,737)
68,824	17,315	26,545	3,612	47	1,495,963
	1	2			49
141,137	24,477	42,146	3,822	28,029	2,277,017
38,708	4,671	12,187		22,381	1,016,497
125	44	68	84	3,922	13,526
					22,521
38,833	4,715	12,255	84	26,303	1,052,544
102,304					1,169,356
	19,762	29,891	3,738		53,391
				1,726	1,726
777,831	186,498	285,472	31,247	1,333	17,548,358
\$ 880,135	\$ 206,260	\$ 315,363	\$ 34,985	\$ 3,059	\$ 18,772,831

Combining Statement of Fiduciary Net Position**Investment Trust Funds****June 30, 2018***(dollars in thousands)*

	Local Government Investment Pool	Diversified Bond Fund	Total
ASSETS			
Cash and Equivalents	\$ 5,784		\$ 5,784
Investments:			
Pooled Short Term	705,823	\$ 5,197	711,020
Fixed Income Investments	1,698,898	102,021	1,800,919
Mortgages and Real Estate		82,953	82,953
Receivables:			
Interest and Dividends	4,400	901	5,301
Total Assets	2,414,905	191,072	2,605,977
LIABILITIES			
Accounts Payable	26	840	866
Other Accrued Liabilities	3,458	324	3,782
Total Liabilities	3,484	1,164	4,648
NET POSITION			
Held in Trust for:			
External Investment Pool Participants	2,411,421	189,908	2,601,329
Total Net Position	\$ 2,411,421	\$ 189,908	\$ 2,601,329

Combining Statement of Changes in Fiduciary Net Position

Investment Trust Funds

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Local Government Investment Pool	Diversified Bond Fund	Total
ADDITIONS			
Contributions			
Participant Deposits	\$ 5,024,625	\$ 12,989	\$ 5,037,614
Total Contributions	5,024,625	12,989	5,037,614
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	14,311	(13,436)	875
Interest, Dividends, and Other	16,038	5,246	21,284
Less Investment Expense:			
Investment Activity Expense	(303)	(61)	(364)
Net Investment Income	30,046	(8,251)	21,795
Total Additions	5,054,671	4,738	5,059,409
DEDUCTIONS			
Earnings Distribution	29,366	3,830	33,196
Participant Withdrawals	4,711,816	2,947	4,714,763
Total Deductions	4,741,182	6,777	4,747,959
Change in Net Position Held in Trust for:			
External Investment Pool Participants	313,489	(2,039)	311,450
Total Net Position - Beginning of Year	2,097,932	191,947	2,289,879
Total Net Position - End of Year	\$ 2,411,421	\$ 189,908	\$ 2,601,329

Combining Statement of Assets and Liabilities**Agency Fund****June 30, 2018***(dollars in thousands)*

	Custodial
ASSETS	
Cash and Cash Equivalents	\$ 14,420
Pooled Cash and Investments	29,083
Investments:	
Fixed Income Investments	428,854
Receivables:	
Unsettled Trades Receivable	57
Interest and Dividends	60
Interfund Receivables	
Due from Other Entities	
Total Assets	<u><u>\$ 472,474</u></u>
LIABILITIES	
Accounts Payable	
Due to Other Entities	\$ 2,170
Amounts Held in Trust to Others	471,579
Other Accrued Liabilities	(1,275)
Total Liabilities	<u><u>\$ 472,474</u></u>

Combining Statement of Changes in Assets and Liabilities

Agency Fund

For the Fiscal Year Ended June 30, 2018

(dollars in thousands)

	Balances June 30, 2017	Additions	Deductions	Balances June 30, 2018
CUSTODIAL				
Assets				
Cash and Cash Equivalents	\$ 23,112	\$ 14,420	\$ 23,112	\$ 14,420
Pooled Cash and Investments	25,840	84,750	81,507	29,083
Investments:				
Fixed Income Investments	409,070	428,854	409,070	428,854
Receivables:				
Unsettled Trades Receivable		57		57
Interest and Dividends	158	153	251	60
Interfund Receivables		18	18	
Due from Other Entities		210	210	
Total Assets	\$ 458,180	\$ 528,462	\$ 514,168	\$ 472,474
Liabilities				
Accounts Payable	\$ 161		\$ 161	
Due to Other Entities	238	\$ 10,040	8,108	\$ 2,170
Amounts Held for Others	457,123	494,184	479,728	471,579
Other Accrued Liabilities	658	24,520	26,453	(1,275)
Total Liabilities	\$ 458,180	\$ 528,744	\$ 514,450	\$ 472,474



Snowshoeing Harriman State Park

Statistical Section

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Sources: Unless otherwise noted, the information in the following schedules is derived from the State's Comprehensive Annual Financial Report.

Note: The schedules presented in the Statistical Section are not audited, and component unit data is not included.

Schedule 1 - Net Position by Component**Fiscal Years 2009-2018***(accrual basis of accounting, dollars in thousands)*

	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)
Governmental Activities						
Net Investment in Capital Assets	\$ 4,713,557	\$ 4,883,824	\$ 5,115,567	\$ 5,218,008	\$ 5,325,732	\$ 5,447,960
Restricted ¹	1,572,581	1,783,407	2,086,004	2,134,426	2,291,548	2,619,433
Unrestricted ²	760,614	576,666	444,322	529,948	748,869	737,576
Total Governmental Activities Net Position	\$ 7,046,752	\$ 7,243,897	\$ 7,645,893	\$ 7,882,382	\$ 8,366,149	\$ 8,804,969
Business-Type Activities						
Net Investment in Capital Assets	\$ 559,719	\$ 607,694	\$ 656,020	\$ 695,405	\$ 736,734	\$ 746,473
Restricted ³	640,587	604,851	769,555	901,322	986,730	1,130,154
Unrestricted ⁴	198,575	193,029	194,366	251,804	261,432	226,545
Total Business-Type Activities Net Position	\$ 1,398,881	\$ 1,405,574	\$ 1,619,941	\$ 1,848,531	\$ 1,984,896	\$ 2,103,172
Primary Government						
Net Investment in Capital Assets	\$ 5,273,276	\$ 5,491,518	\$ 5,771,587	\$ 5,913,413	\$ 6,062,466	\$ 6,194,433
Restricted	2,213,168	2,388,258	2,855,559	3,035,748	3,278,278	3,749,587
Unrestricted	959,189	769,695	638,688	781,752	1,010,301	964,121
Total Primary Government Net Position	\$ 8,445,633	\$ 8,649,471	\$ 9,265,834	\$ 9,730,913	\$ 10,351,045	\$ 10,908,141

¹In fiscal year (FY) 2009 net position decreased primarily because of the national recession and the decrease in fair market value of investments, primarily related to the Land Endowment fund. In FY2010 and FY2011 net position increased primarily due to the increase in federal grant revenue from the American Recovery and Reinvestment Act. In FY2012 net position increased due to lower Medicaid and rehabilitation service costs. In FY2013-2017 net position increased primarily due to the increase in fair market value of investments, primarily related to the Land Endowment fund.

²Large fluctuations in governmental activities unrestricted net position balances occurred primarily as income tax and sales tax revenues increased and decreased due to significant changes in economic conditions.

³Increases and decreases of business-type activities restricted net position were primarily due to increases in unemployment compensation assessment collections and/or decreases in unemployment claims related to changes in economic conditions.

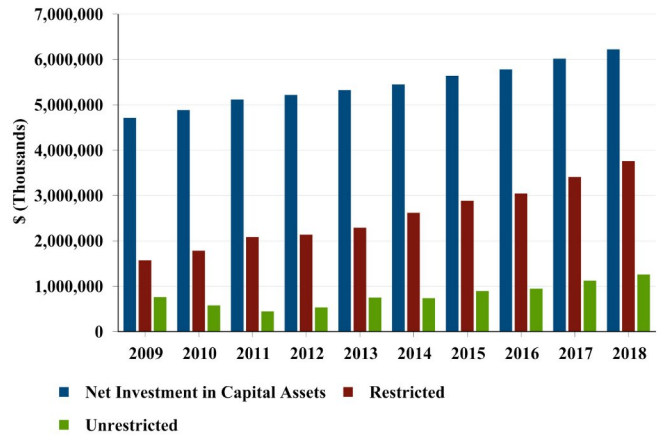
⁴FY2012 and FY2015 net position increased primarily due to increased student tuition and fees for the colleges and universities.

2015 (as restated)	2016 (as restated)	2017 (as restated)	2018
\$ 5,638,703	\$ 5,777,987	\$ 6,018,594	\$ 6,221,050
2,885,392	3,043,809	3,406,489	3,761,041
893,542	947,045	1,122,934	1,256,840
\$ 9,417,637	\$ 9,768,841	\$ 10,548,017	\$ 11,238,931

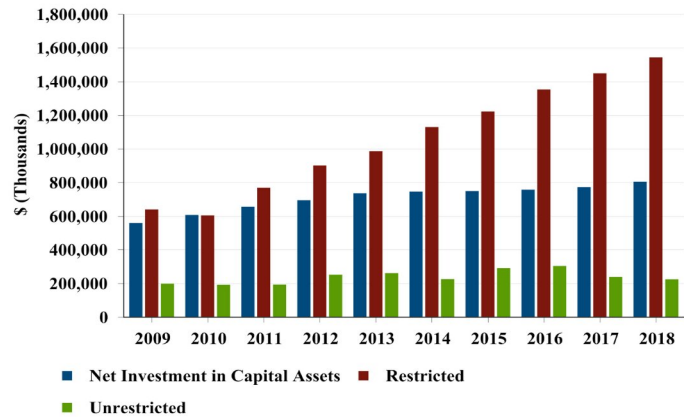
\$ 749,873	\$ 758,031	\$ 772,823	\$ 804,989
1,222,537	1,353,036	1,449,554	1,543,889
291,420	303,825	239,141	225,578
\$ 2,263,830	\$ 2,414,892	\$ 2,461,518	\$ 2,574,456

\$ 6,388,576	\$ 6,536,018	\$ 6,791,417	\$ 7,026,039
4,107,929	4,396,845	4,856,043	5,304,930
1,184,962	1,250,870	1,362,075	1,482,418
\$ 11,681,467	\$ 12,183,733	\$ 13,009,535	\$ 13,813,387

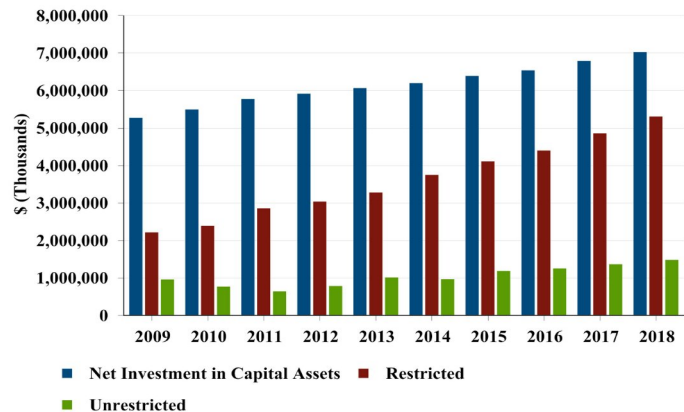
**Governmental Activities Net Position by Component
Fiscal Years 2009-2018**



**Business-Type Activities Net Position by Component
Fiscal Years 2009-2018**



**Primary Government Net Position by Component
Fiscal Years 2009-2018**



Schedule 2 - Changes in Net Position**Fiscal Years 2009-2018**

(accrual basis of accounting, dollars in thousands)

	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)
Governmental Activities:						
Expenses						
General Government ^{1,2}	\$ 450,875	\$ 548,757	\$ 426,506	\$ 413,832	\$ 440,769	\$ 848,508
Public Safety and Correction ¹	326,125	320,423	296,034	335,493	352,409	364,998
Health and Human Services ³	2,115,148	2,092,319	2,577,700	2,396,437	2,545,283	2,595,727
Education ¹	1,850,258	1,830,608	1,777,026	1,712,567	1,707,233	1,756,231
Economic Development ⁹	743,811	799,054	829,130	820,530	806,801	810,023
Natural Resources	241,108	241,508	241,203	264,080	244,032	236,614
Interest Expense	46,767	45,782	50,773	50,372	49,961	51,600
Total Expenses	5,774,092	5,878,451	6,198,372	5,993,311	6,146,488	6,663,701
Program Revenues						
Charges for Services:						
General Government ¹⁰	93,376	79,833	109,387	97,411	104,973	90,314
Economic Development	256,184	239,107	248,199	266,320	252,221	271,894
Natural Resources	133,138	127,037	133,317	159,633	151,126	175,271
Other Activities ⁴	138,276	76,575	163,505	118,255	127,082	161,452
Operating Grants and Contributions ⁵	2,034,795	2,935,393	3,160,919	2,664,743	2,828,808	2,941,720
Capital Grants and Contributions	8,892	4,660	6,058	2,568	10,492	5,317
Total Program Revenues	2,664,661	3,462,605	3,821,385	3,308,930	3,474,702	3,645,968
Total Governmental Activities Net Program Expense	(3,109,431)	(2,415,846)	(2,376,987)	(2,684,381)	(2,671,786)	(3,017,733)
General Revenues and Other Changes in Net Position						
Taxes:						
Sales Tax ⁶	1,177,106	1,127,013	1,165,095	1,213,623	1,315,002	1,400,547
Individual and Corporate Taxes ⁶	1,320,968	1,242,032	1,296,558	1,390,226	1,533,850	1,739,957
Fuel Tax	214,113	221,142	231,732	216,249	237,647	262,479
Other Taxes	186,489	186,130	227,075	240,757	220,507	213,434
Tobacco Settlement	31,094	26,120	24,576	21,103	24,912	27,450
Grants Not Restricted to Specific Programs						
Unrestricted Investment Earnings	36,139	16,800	18,516	17,365	19,142	14,374
Transfers	(251,847)	(206,246)	(184,569)	(178,453)	(195,507)	(201,688)
Total General Revenues and Other Changes in Net Position	2,714,062	2,612,991	2,778,983	2,920,870	3,155,553	3,456,553
Total Governmental Activities Change in Net Position	\$ (395,369)	\$ 197,145	\$ 401,996	\$ 236,489	\$ 483,767	\$ 438,820
Business-Type Activities:						
Expenses						
College and University	\$ 896,993	\$ 898,012	\$ 923,760	\$ 969,419	\$ 989,412	\$ 1,054,726
Unemployment Compensation ⁶	338,600	666,808	482,087	358,283	251,016	142,524
Loan	5,910	9,624	14,571	7,112	6,480	7,565
State Lottery	105,780	110,204	112,003	134,055	150,599	163,295
State Liquor	117,185	118,022	117,039	123,656	134,117	141,467
Correctional Industries	8,323	6,553	6,727	8,030	7,560	8,755
Total Expenses	1,472,791	1,809,223	1,656,187	1,600,555	1,539,184	1,518,332
Revenues						
Charges for Services:						
College and University	339,989	368,504	405,450	436,208	445,649	459,380
Unemployment Compensation ⁷	130,879	255,278	337,479	351,781	314,630	258,072
State Lottery ¹¹	140,316	147,931	147,849	176,547	198,169	209,642
Other Activities ¹¹	156,483	156,407	160,749	175,435	180,645	185,082
Operating Grants and Contributions ⁸	293,673	637,456	606,597	485,777	383,575	305,150
Capital Grants and Contributions	21,154	44,094	27,861	24,944	38,364	17,594
Total Revenues	1,082,494	1,609,670	1,685,985	1,650,692	1,561,032	1,434,920
Total Business-Type Activities Net Program Revenue (Expense)	(390,297)	(199,553)	29,798	50,137	21,848	(83,412)
General Revenues and Other Changes in Net Position						
Special Item					(80,990)	
Transfers	251,847	206,246	184,569	178,453	195,507	201,688
Total General Revenues and Other Changes in Net Position	251,847	206,246	184,569	178,453	114,517	201,688
Total Business-Type Activities Change in Net Position	\$ (138,450)	\$ 6,693	\$ 214,367	\$ 228,590	\$ 136,365	\$ 118,276
Total Primary Government Change in Net Position	\$ (533,819)	\$ 203,838	\$ 616,363	\$ 465,079	\$ 620,132	\$ 557,096

¹In fiscal year (FY) 2011 most expenses decreased due to effects of the national recession.²In FY2013 expenses increased primarily due to an increase in lease payments to the Idaho State Building Authority. In FY2014 prior period adjustments were made due to the implementation of GASB Statements No. 68 & 71 in FY2015.³In FY2011-2016 expenses for health and human services fluctuated due to changes in medical assistance payments related to Medicaid and rehabilitation services payments.⁴In FY2010 and FY2011 fluctuations in other activities revenue were caused by a change in the way revenue is recorded. In FY2012 Department of Health & Welfare grant revenue decreased due to a reduction in American Recovery and Reinvestment Act funding.⁵In FY2010-2012 amounts shifted primarily because of changes in the American Recovery and Reinvestment Act stimulus funding. In FY2013 revenues from operating grants and contributions increased primarily due to an increase in the fair market value of Endowment Fund Investment Board investments and interest income. In FY2016 operating grant revenue decreased primarily due to decreased federal highway funds, slippages in the fair market value of Endowment Fund Investment Board investments, and decreased health and human services grant revenue due to the timing of federal reimbursements for expenses.

	2015 (as restated)	2016 (as restated)	2017 (as restated)	2018
\$	548,518	\$ 505,318	\$ 559,044	\$ 512,086
	387,694	402,437	410,975	439,116
	2,751,283	2,697,385	2,668,755	3,079,063
	1,845,144	1,956,032	2,090,661	2,229,172
	761,384	866,345	903,462	996,854
	269,706	287,853	305,400	303,441
	46,860	45,271	15,879	52,271
	6,610,589	6,760,641	6,954,176	7,612,003
	227,915	178,132	252,281	88,270
	287,525	333,616	343,285	333,084
	256,344	217,958	225,920	223,435
	181,054	197,393	192,525	173,492
	2,851,144	2,676,844	2,869,284	3,180,624
	2,832	11,021	12,425	4,321
	3,806,814	3,614,964	3,895,720	4,003,226
	(2,803,775)	(3,145,677)	(3,058,456)	(3,608,777)

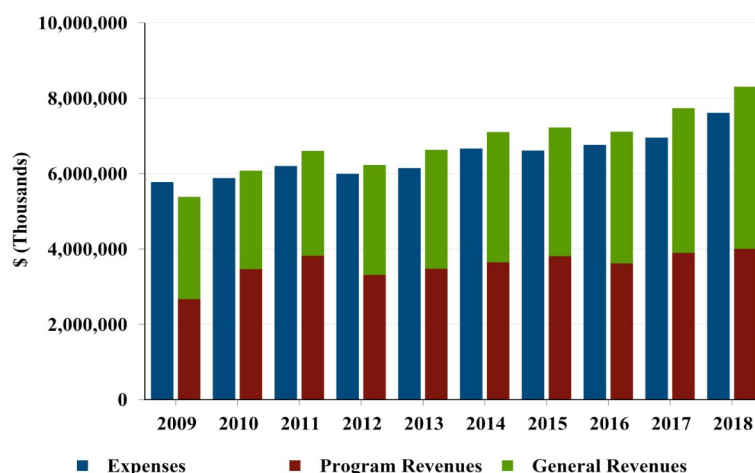
	1,444,781	1,580,542	1,636,125	1,805,363
	1,686,455	1,518,740	1,848,281	2,091,958
	243,826	357,858	331,399	350,134
	220,442	229,430	231,294	246,585
	24,183	25,297	22,964	23,639
	10,452	18,735	14,869	37,352
	(213,696)	(233,721)	(247,300)	(255,340)
	3,416,443	3,496,881	3,837,632	4,299,691
\$	612,668	\$ 351,204	\$ 779,176	\$ 690,914

\$	1,015,707	\$ 1,063,222	\$ 1,185,061	\$ 1,155,209
	110,597	108,187	108,022	86,600
	9,604	7,537	8,119	6,448
	165,445	185,115	192,314	211,916
	143,469	153,901	163,270	172,786
	8,155	8,960	9,112	9,429
	1,452,977	1,526,922	1,665,898	1,642,388

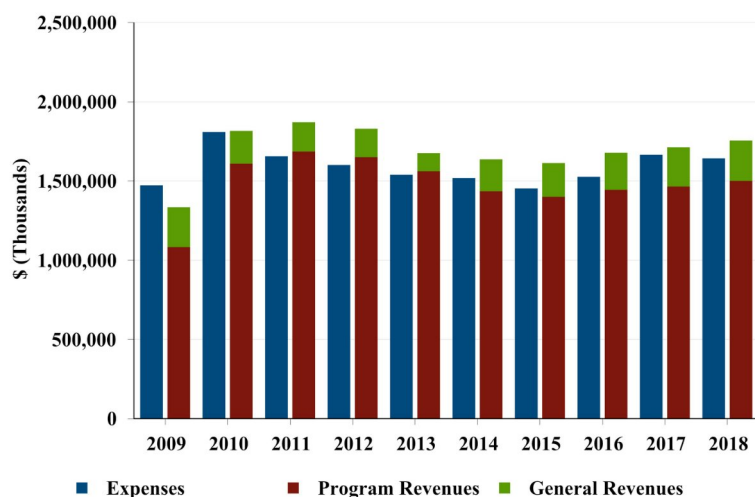
	489,740	491,169	489,375	494,717
	203,794	189,219	189,816	163,839
	210,940	236,819	240,686	265,811
	196,043	218,024	227,837	230,311
	282,646	291,830	293,977	301,757
	16,776	17,200	23,533	43,551
	1,399,939	1,444,261	1,465,224	1,499,986
	(53,038)	(82,661)	(200,674)	(142,402)

	213,696	233,723	247,300	255,340
	213,696	233,723	247,300	255,340
\$	160,658	\$ 151,062	\$ 46,626	\$ 112,938
\$	773,326	\$ 502,266	\$ 825,802	\$ 803,852

Expenses and Revenues - Governmental Activities Fiscal Years 2009-2018



Expenses and Revenues - Business-Type Activities Fiscal Years 2009-2018



⁶Increases and decreases are due to the degradation and improvement of economic conditions and the changes in employment and personal income levels.

⁷In FY2010-2012 unemployment compensation revenues increased due to increased assessment collections for unemployment benefits. In FY2013-2014 unemployment compensation revenues decreased due to a lower employer contribution rate.

⁸In FY2010 operating grants and contributions grew because of increased federal grant revenue for unemployment benefits.

⁹In FY2016 economic development expenses rose primarily due to an increased number of state and local highway infrastructure improvements.

¹⁰In FY2015 the increase was due, in part, to a building transfer from the Idaho State Building Authority to the Idaho Department of Administration and due to the state receiving significant revenue from court settlements. In FY2016 the decrease in general government program revenues are due, in part, to falling revenue from charges for services.

¹¹In FY2016 nonmajor enterprise funds net position improved primarily in consequence of increased lottery ticket and liquor sales.

Schedule 3 - Fund Balances - Governmental Funds**Fiscal Years 2009-2018***(modified accrual basis of accounting, dollars in thousands)*

	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)
General Fund						
Nonspendable			\$ 7,922	\$ 8,837	\$ 9,292	\$ 12,012
Restricted ¹	\$ 98,801	\$ 130,261	169,753	184,437	219,270	252,627
Committed ²	213,835	154,168	162,583	185,098	195,479	263,443
Assigned ⁷	35,221	45,936	55,778	57,271	63,806	53,086
Unassigned ³	426,885	320,487	269,251	251,023	412,738	387,161
Total General Fund	774,742	650,852	665,287	686,666	900,585	968,329
All Other Governmental Funds						
Nonspendable ⁴	923,217	1,043,787	1,097,816	1,135,746	1,255,497	1,443,868
Restricted ⁵	451,637	462,036	709,985	735,879	742,849	851,410
Committed	83,527	86,434	78,794	85,124	77,505	76,970
Assigned	1,298	1,320	1,651	2,238	2,689	5,271
Unassigned ⁶			(57,026)		(4,262)	(6,533)
Total All Other Governmental Funds	1,459,679	1,593,577	1,831,220	1,958,987	2,074,278	2,370,986
Total Fund Balances - Governmental Funds	\$ 2,234,421	\$ 2,244,429	\$ 2,496,507	\$ 2,645,653	\$ 2,974,863	\$ 3,339,315

Note: GASB Statement No. 54 was implemented in fiscal year 2011. The standard required the reclassification of fund balances. Prior years have been restated.

¹Increases and decreases in the General Fund restricted fund balance in each fiscal year occurred primarily due to changes in sales tax revenue caused by prevailing economic conditions.

²Fluctuations in the General Fund committed fund balance in each fiscal year resulted primarily from changes in personal and corporate income tax revenue. Significant variances occurred in response to prevailing economic conditions.

³Increases and decreases in the General Fund unassigned fund balance resulted from surging and weakening economic conditions.

⁴Large changes in the Governmental Funds nonspendable fund balance occurred primarily because of significant variances in Land Endowment fund fair market value.

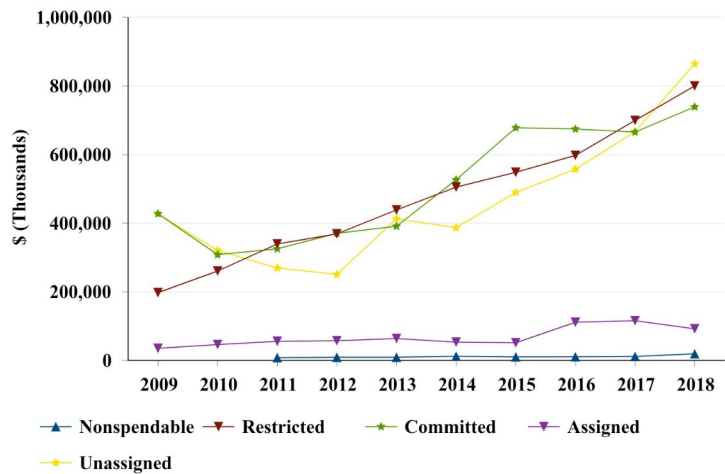
⁵In FY2011 the fund balance increased largely due to receiving American Recovery and Reinvestment Act funds for the Idaho Transportation Department. In FY2016 the fund balance increased primarily due to mandated increases to personal and commercial vehicle registration fees and in the motor fuels tax rate as a result of House Bill 312 passing in 2015.

⁶In FY2011 and FY2013-2017 the Department of Health and Welfare reported a negative unassigned fund balance due to increased expenditures for health and human services.

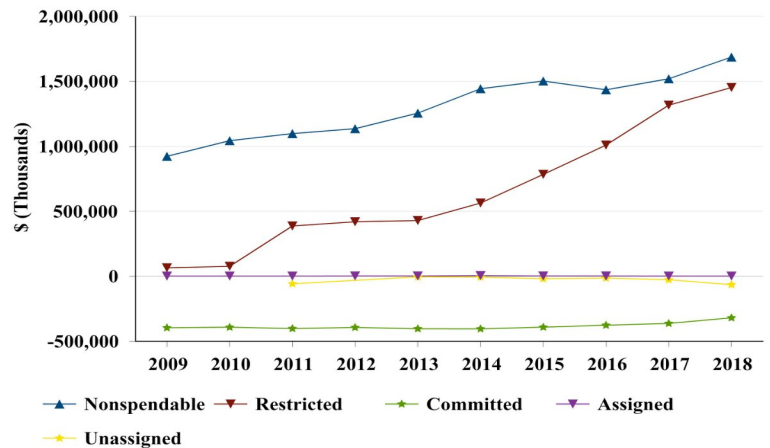
⁷In FY2016 the assigned fund balance increased primarily due to significant amount of funds that were allocated to the Fire Suppression - Deficiency fund.

2015 (as restated)	2016 (as restated)	2017 (as restated)	2018
\$ 10,294	\$ 10,580	\$ 11,307	\$ 19,289
274,121	298,798	349,697	399,972
339,169	337,231	332,704	369,516
51,357	111,168	115,618	92,124
489,495	557,280	666,848	864,625
1,164,436	1,315,057	1,476,174	1,745,526
1,503,337	1,435,060	1,519,909	1,686,989
1,027,465	1,208,118	1,453,421	1,562,036
87,298	99,202	110,143	144,873
2,201	1,949	1,655	1,507
(18,822)	(13,597)	(26,550)	(63,860)
2,601,479	2,730,732	3,058,578	3,331,545
\$ 3,765,915	\$ 4,045,789	\$ 4,534,752	\$ 5,077,071

**Fund Balances - General Funds
Fiscal Years 2009-2018**



**Fund Balances - All Other Governmental Funds
Fiscal Years 2009-2018**



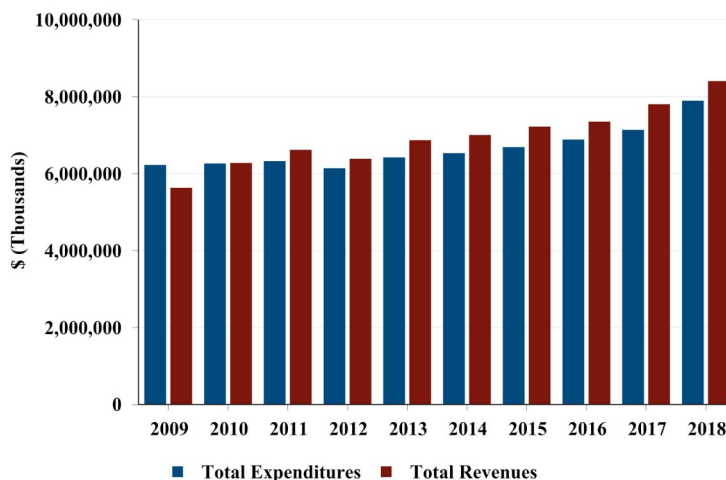
Schedule 4 - Changes in Fund Balances - Governmental Funds**Fiscal Years 2009-2018***(modified accrual basis of accounting, dollars in thousands)*

	2009 (as restated)	2010 (as restated)	2011 (as restated)	2012 (as restated)	2013 (as restated)	2014 (as restated)
Revenues						
Sales Tax ¹	\$ 1,174,802	\$ 1,122,384	\$ 1,163,526	\$ 1,214,491	\$ 1,318,383	\$ 1,379,105
Individual and Corporate Taxes ²	1,325,996	1,228,463	1,288,869	1,389,291	1,531,975	1,497,935
Other Taxes ¹⁰	398,639	409,924	459,162	456,720	458,291	470,226
Licenses, Permits, and Fees	277,354	275,018	296,827	310,828	317,854	325,172
Sale of Goods and Services	232,526	137,947	168,369	198,438	237,268	260,489
Grants and Contributions ³	2,251,714	2,808,307	2,850,294	2,638,570	2,695,371	2,658,143
Investment Income ⁴	(123,820)	191,596	302,488	51,264	217,357	324,835
Tobacco Settlement	30,965	25,990	24,445	24,922	24,912	27,450
Other Income	61,943	78,565	65,361	101,828	69,185	61,016
Total Revenues	5,630,119	6,278,194	6,619,341	6,386,352	6,870,596	7,004,371
Expenditures						
General Government ⁵	186,119	208,784	172,779	157,283	168,253	197,639
Public Safety and Correction	305,141	284,457	284,208	302,809	324,717	338,865
Health and Human Services ⁶	2,096,507	2,111,265	2,346,165	2,329,848	2,544,890	2,561,572
Education ^{5,7}	1,843,401	1,810,276	1,768,616	1,687,084	1,685,252	1,733,263
Economic Development	406,694	416,776	418,866	392,242	420,668	418,525
Natural Resources	212,398	214,291	213,912	215,354	210,376	223,017
Capital Outlay ^{5,8}	634,187	677,097	574,305	501,522	497,087	468,817
Intergovernmental Revenue Sharing	436,866	459,716	448,249	453,799	471,269	488,585
Debt Service:						
Principal	55,645	33,222	45,871	47,954	49,679	52,334
Interest	49,368	46,648	51,689	50,804	49,100	48,926
Total Expenditures	6,226,326	6,262,532	6,324,660	6,138,699	6,421,291	6,531,543
Revenues Over (Under) Expenditures	(596,207)	15,662	294,681	247,653	449,305	472,828
Other Financing Sources (Uses)						
Bonds and Notes Issued ¹¹	152,641	163,562	125,862	146,219	61,347	65,457
Issuance of Refunding Bonds					10,945	
Premium/(Discount) on Bonds Issued				7,219	1,304	
Payment to Refunded Bond Escrow Agent ⁹				(88,044)	(11,441)	
Capital Lease Acquisitions	22	23,745	2,603		178	9
Sale of Capital Assets ¹²	11,947	13,436	14,462	16,871	15,414	30,382
Transfers In	700,654	630,563	678,794	815,041	858,585	855,318
Transfers Out	(954,122)	(836,960)	(864,324)	(995,813)	(1,056,427)	(1,059,542)
Total Other Financing Sources (Uses)	(88,858)	(5,654)	(42,603)	(98,507)	(120,095)	(108,376)
Net Changes in Fund Balances	\$ (685,065)	\$ 10,008	\$ 252,078	\$ 149,146	\$ 329,210	\$ 364,452
Debt Service as a Percentage of Noncapital Expenditures	1.8	1.3	1.7	1.7	1.6	1.6

¹Sales tax revenue changed in response to fluctuating levels of employment and personal income.²Individual and corporate income tax revenues increased and decreased due to the relative strengthening and weakening of the economy.³In FY2009-2011 grants and contributions increased primarily due to American Recovery and Reinvestment Act funds for health, transportation, and education.⁴Investment income increased and decreased primarily due to changes in the fair values of investments in the Land Endowment fund.⁵In FY2011 and FY2012 decreases in expenditures were necessary to balance the State's budget.⁶In FY2009-2013 health and human services expenditures increased and decreased due to changes in medical assistance payments related to Medicaid and rehabilitation services.⁷In FY2009 education expenditures increased because of an increased public school distribution for facilities improvements, salaries, and operating expenses. In FY2014 expenditures from federal grants increased.

2015 (as restated)	2016 (as restated)	2017 (as restated)	2018
\$ 1,462,022	\$ 1,579,729	\$ 1,637,840	\$ 1,805,640
1,684,680	1,696,834	1,854,375	2,086,130
469,780	587,439	562,787	596,308
354,894	390,258	405,663	418,807
288,388	272,024	250,403	263,897
2,706,506	2,678,121	2,703,724	2,884,057
78,412	34,552	311,974	259,196
24,183	25,297	22,964	23,639
151,062	88,132	54,481	66,225
7,219,927	7,352,386	7,804,211	8,403,899
195,667	203,783	208,067	224,707
359,132	369,982	383,070	407,550
2,573,782	2,622,307	2,672,573	2,858,524
1,821,633	1,938,123	2,064,432	2,210,786
414,307	425,407	445,357	491,977
237,478	248,671	256,845	271,792
485,276	441,430	443,857	699,051
505,017	547,772	580,565	637,531
48,362	38,946	40,564	41,680
48,458	47,409	44,397	52,855
6,689,112	6,883,830	7,139,727	7,896,453
530,815	468,556	664,484	507,446
53,935	12,270		229,040
			1,765
90	7	19	292
57,988	47,642	73,498	60,858
872,222	902,365	977,802	1,007,860
(1,088,450)	(1,150,966)	(1,226,840)	(1,264,942)
(104,215)	(188,682)	(175,521)	34,873
\$ 426,600	\$ 279,874	\$ 488,963	\$ 542,319
1.5	1.3	1.2	1.2

**Revenues and Expenditures - Governmental Funds
Fiscal Years 2009-2018**



⁸In FY2009-2010 capital outlay expenditures increased mainly due to transportation infrastructure and state building expenses.

⁹In FY2012 and FY2013 the Idaho State Building Authority defeased bond debt to achieve better interest rates.

¹⁰In FY2016 other taxes increased mainly due to an increase in the motor fuels tax rate as a result of the passage of House Bill 312 in 2015. The additional funds are to be used exclusively for the maintenance of bridges and roads and replacement projects at the state and local levels.

¹¹In FY2016 the decrease in bonds and notes issued is primarily due to a large decrease in issued GARVEE bonds revenue.

¹²In FY2017 the increase in sale of capital assets is primarily due to the sale of state owned commercial properties.

Schedule 5 - Revenue Base

Fiscal/Calendar Years 2009-2018 (dollars in thousands)

Taxable Sales by Industry ¹	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Commercial Farms ²	\$ 10,055	\$ 9,005	\$ 10,847	\$ 14,204	\$ 11,733	\$ 11,756
Agricultural/Forestry, Fishing, and Other	111,834	101,936	94,138	100,206	106,731	112,719
Mining	54,148	43,224	43,947	47,130	52,671	55,851
Construction	486,661	427,769	409,010	489,893	434,218	422,849
Manufacturing	813,738	755,948	996,988	819,403	807,950	844,024
Transportation and Public Utilities	361,449	361,995	700,557	546,466	705,692	543,205
Wholesale Trade	1,679,196	1,632,262	1,641,485	1,765,478	2,033,097	2,281,830
Retail Trade	13,418,803	13,360,965	12,752,289	13,221,360	14,568,624	15,057,644
Information ³						
Finance, Insurance, and Real Estate	143,608	136,907	133,522	136,687	142,282	157,134
Services	2,161,247	2,213,003	2,099,385	2,101,112	2,225,229	2,367,364
State and Local Government	703,459	680,446	657,345	646,121	751,309	811,377
Unclassified						
Unpermitted ⁴						
Total Taxable Sales	\$ 19,944,198	\$ 19,723,460	\$ 19,539,513	\$ 19,888,060	\$ 21,839,536	\$ 22,665,753
Direct Sales Tax Rate	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Personal Income by Industry ⁵	Calendar Year					
	2009	2010	2011	2012	2013	2014
Farm Earnings	\$ 999,628	\$ 1,420,080	\$ 2,040,643	\$ 2,061,286	\$ 2,357,028	\$ 2,448,609
Agricultural/Forestry, Fishing, and Other	321,894	384,458	383,019	410,976	454,523	476,819
Mining	474,716	531,304	565,870	541,288	506,360	463,365
Construction/Utilities	2,442,558	2,361,747	2,298,462	2,407,101	2,787,455	3,124,294
Manufacturing	3,430,421	3,464,004	3,588,720	3,817,700	4,371,537	4,848,336
Transportation	1,011,172	1,065,976	1,144,504	1,237,328	1,271,597	1,358,704
Wholesale Trade	1,514,884	1,536,841	1,604,406	1,700,530	1,837,311	1,909,101
Retail Trade	2,916,958	3,004,178	2,938,835	3,119,842	3,325,557	3,515,499
Finance, Insurance, and Real Estate	2,055,016	1,869,484	2,058,931	2,080,909	2,248,488	2,260,868
Services	11,552,206	11,901,292	12,148,133	12,501,932	13,125,559	13,760,758
Federal, Civilian	1,073,048	1,104,979	1,105,101	1,119,263	1,097,979	1,116,521
Military	536,540	531,786	501,634	499,131	485,981	470,045
State and Local Government	4,836,274	4,861,937	4,788,200	4,884,810	5,087,358	5,103,282
Other ⁶	15,243,365	16,106,410	17,874,813	19,729,785	19,279,291	20,759,801
Total Personal Income	\$ 48,408,680	\$ 50,144,476	\$ 53,041,271	\$ 56,111,881	\$ 58,236,024	\$ 61,616,002
Total Direct Personal Income Tax Rate	7.6%	7.6%	7.6%	7.3%	7.3%	7.3%
Corporate Income by Category ⁷	Calendar Year					
	2009	2010	2011	2012	2013	2014
Corporations	\$ (1,025,574)	\$ (28,603)	\$ 49,806	\$ 502,747	\$ 316,558	\$ 124,853
Sub-S Corporations	41,005	43,487	24,196	106,971	49,630	54,694
Partnerships	(126,283)	(115,646)	(287,303)	(352,035)	(127,839)	(29,224)
Fiduciary	(5,038)	6,843	(28,687)	61,134	(14,541)	(10,847)
Total Corporate Income	\$ (1,115,890)	\$ (93,919)	\$ (241,988)	\$ 318,817	\$ 223,808	\$ 139,476
Direct Corporate Income Tax Rate	7.6%	7.6%	7.6%	7.4%	7.4%	7.4%
Vehicle Fuel Sales by Category (in thousands of gallons)	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Diesel	\$ 237,206	\$ 236,002	\$ 239,708	\$ 242,617	\$ 250,299	\$ 255,171
Gasoline	584,872	632,004	633,337	629,252	631,697	643,806
Propane	107	32	79	23	61	151
Natural Gas ⁸				33	97	1,392
Aviation	1,864	1,814	1,797	1,811	1,720	1,678
Jet	29,697	23,347	23,225	25,903	28,995	27,389
Total Fuel Sales	\$ 853,746	\$ 893,199	\$ 898,146	\$ 899,639	\$ 912,869	\$ 929,587
Total Direct Fuel Tax Rate (per gallon of fuel)	\$ 0.243	\$ 0.245	\$ 0.245	\$ 0.244	\$ 0.244	\$ 0.244

Sources: Taxable sales, corporate income, and vehicle fuel sales--Idaho State Tax Commission; Personal income--U.S. Bureau of Economic Analysis and the Idaho State Tax Commission.

¹In 2016, the Tax Commission changed from using U.S. Standard Industrial Classification System (SIC) codes to using North American Industry Classification System (NAICS) codes. The change provides industry groupings that are more meaningful and useful for economic analysis. Some industry categories shown have significant variances due to the change in classification codes.²Under the NAICS, commercial farming is combined with agriculture/forestry, fishing, and other.³The information sector includes the publishing industries, the motion picture and sound recording industries, the broadcasting industries, and data processing, hosting, and related services.⁴Taxable sales by individuals and businesses without a sales and use tax permit

2015	2016	2017	2018
\$ 16,197			
124,776	\$ 82,925	\$ 74,482	\$ 91,049
53,947	59,177	44,035	57,534
490,734	464,888	242,718	515,407
924,586	1,101,280	884,684	1,256,853
555,498	166,992	49,072	218,973
2,573,395	2,995,810	3,000,366	3,290,114
16,080,503	14,000,015	14,576,989	16,058,752
	518,717	507,973	564,405
183,317	608,493	653,214	724,105
2,584,259	4,975,587	5,094,919	5,550,830
868,951	861,772	953,088	1,058,807
	148,683	62,257	112,950
	14,739	231	2,470
\$ 24,456,163	\$ 25,999,078	\$ 26,144,028	\$ 29,502,249
6.0%	6.0%	6.0%	6.0%

2015	2016	2017	2018
\$ 2,272,450	\$ 2,007,266	\$ 2,059,173	\$ 1,880,441
503,029	473,785	489,862	502,007
383,852	316,621	237,821	248,231
3,380,478	3,656,579	4,002,686	4,410,824
4,914,686	5,099,729	5,753,307	6,061,032
1,472,220	1,486,055	1,551,342	1,646,149
2,053,680	2,150,524	2,263,022	2,347,005
3,729,696	3,796,015	3,902,497	4,006,646
2,593,173	2,843,167	2,966,506	3,056,082
14,673,976	15,483,638	16,392,842	17,316,079
1,175,723	1,229,859	1,275,975	1,310,613
442,748	453,726	466,791	473,400
5,530,062	5,681,388	5,953,258	6,044,882
22,485,007	23,376,430	24,497,854	25,409,284
\$ 65,610,780	\$ 68,054,782	\$ 71,812,936	\$ 74,712,675
7.3%	7.4%	NA	NA

2015	2016	2017	2018
\$ 1,145,583	\$ 785,071	NA	NA
125,936	135,698	NA	NA
2,769	\$ 31,080	NA	NA
(3,278)	\$ (43,298)	NA	NA
\$ 1,271,010	\$ 908,551	NA	NA
7.4%	7.4%	7.4%	6.9%

2015	2016	2017	2018
\$ 267,381	\$ 273,136	\$ 291,576	\$ 295,988
691,065	712,309	706,415	763,344
115	221	(21)	26
2,916	2,312	1,698	1,576
1,592	1,696	1,495	1,653
15,537	19,818	33,496	23,626
\$ 978,606	\$ 1,009,492	\$ 1,034,659	\$ 1,086,213
\$ 0.247	\$ 0.314	\$ 0.311	\$ 0.314

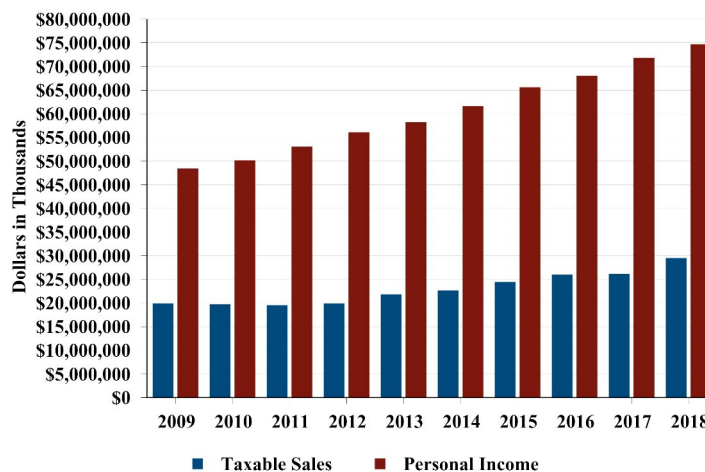
⁵Personal income data for calendar years 2009-2018 are estimates. The U.S. Bureau of Economic Analysis revised personal income amounts for all calendar years shown to reflect revisions to the national income and product accounts and to incorporate newly available state-level source data.

⁶Other personal income includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

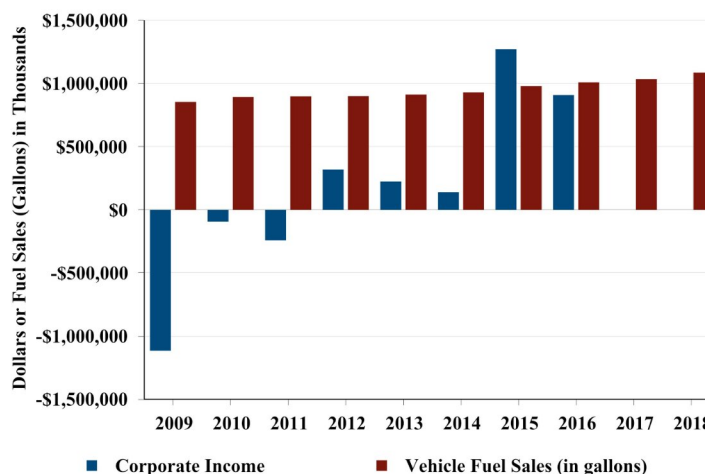
⁷The large increase in corporate income in 2015 is primarily due to more corporate entities reporting positive taxable income rather than losses as a result of an improving economy. Corporate income data is currently not available for calendar years 2016 and 2017.

⁸The natural gas distributors reported no vehicle fuel sales for fiscal years (FY) 2007-2011. FY14 through FY16 saw a shift towards using/producing cleaner fuel types.

**Taxable Sales and Personal Income
Fiscal/Calendar Years 2009-2018**



**Corporate Income and Vehicle Fuel Sales
Calendar/Fiscal Years 2009-2018**



Schedule 6 - Revenue Rates
Fiscal/Calendar Years 2009-2018
Personal Income Tax Rates¹

	Calendar Year					
	2009	2010	2011	2012	2013	2014
Tax Rate	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Income Levels (S, MFS) ²	\$0-1,320	\$0-1,315	\$0-1,337	\$0-1,379	\$0-1,408	\$0-1,428
Income Levels (MFJ, HoH, QW) ²	\$0-2,642	\$0-2,632	\$0-2,675	\$0-2,759	\$0-2,817	\$0-2,857
Tax Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Income Levels (S, MFS)	\$1,321-2,641	\$1,316-2,631	\$1,338-2,675	\$1,380-2,759	\$1,409-2,817	\$1,429-2,857
Income Levels (MFJ, HoH, QW)	\$2,643-5,284	\$2,633-5,264	\$2,676-5,351	\$2,760-5,519	\$2,818-5,635	\$2,858-5,715
Tax Rate	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Income Levels (S, MFS)	\$2,642-3,962	\$2,632-3,947	\$2,676-4,013	\$2,760-4,139	\$2,818-4,226	\$2,858-4,286
Income Levels (MFJ, HoH, QW)	\$5,285-7,926	\$5,265-7,896	\$5,352-8,027	\$5,520-8,279	\$5,636-8,453	\$5,716-8,573
Tax Rate	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Income Levels (S, MFS)	\$3,963-5,283	\$3,948-5,263	\$4,014-5,351	\$4,140-5,519	\$4,227-5,635	\$4,287-5,715
Income Levels (MFJ, HoH, QW)	\$7,927-10,568	\$7,897-10,528	\$8,028-10,703	\$8,280-11,039	\$8,454-11,271	\$8,574-11,431
Tax Rate	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
Income Levels (S, MFS)	\$5,284-6,603	\$5,264-6,579	\$5,352-6,689	\$5,520-6,899	\$5,636-7,044	\$5,716-7,144
Income Levels (MFJ, HoH, QW)	\$10,569-13,208	\$10,529-13,160	\$10,704-13,379	\$11,040-13,799	\$11,272-14,089	\$11,432-14,289
Tax Rate	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
Income Levels (S, MFS)	\$6,604-9,906	\$6,580-9,869	\$6,690-10,034	\$6,900-10,349	\$7,045-10,567	\$7,145-10,717
Income Levels (MFJ, HoH, QW)	\$13,209-19,814	\$13,161-19,740	\$13,380-20,069	\$13,800-20,699	\$14,090-21,135	\$14,290-21,435
Tax Rate	7.4%	7.4%	7.4%	7.4%	7.4%	7.4%
Income Levels (S, MFS)	\$9,907-26,417	\$9,870-26,319	\$10,035-26,759	\$10,350+	\$10,568+	\$10,718+
Income Levels (MFJ, HoH, QW)	\$19,815-52,836	\$19,741-52,640	\$20,070-53,519	\$20,700+	\$21,136+	\$21,436+
Tax Rate ³	7.8%	7.8%	7.8%			
Income Levels (S, MFS)	\$26,418 +	\$26,320+	\$26,760+			
Income Levels (MFJ, HoH, QW)	\$52,837 +	\$52,641+	\$53,520+			
Total Direct Rate⁴	7.6%	7.6%	7.6%	7.3%	7.3%	7.3%

Vehicle Fuel Tax Rates per Gallon

	Fiscal Year					
	2009	2010	2011	2012	2013	2014
Diesel	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250	\$0.250
Gasoline	0.250	0.250	0.250	0.250	0.250	0.250
Propane	0.181	0.181	0.181	0.181	0.181	0.181
Natural Gas	0.197	0.197	0.197	0.197	0.197	0.197
Aviation	0.070	0.070	0.070	0.070	0.070	0.070
Jet	0.060	0.060	0.060	0.060	0.060	0.060
Total Direct Rate (per gallon of fuel)	\$0.243	\$0.245	\$0.245	\$0.244	\$0.244	\$0.244

Source: Idaho State Tax Commission.

Note: The Idaho State Legislature can raise the income and vehicle fuel tax rates by legislation, no vote of the populace is required per Idaho Constitution Art. VII Section 16, and Idaho Code Sections 63-3024 and 63-2402.

¹Idaho's personal income tax brackets are adjusted each year for inflation.

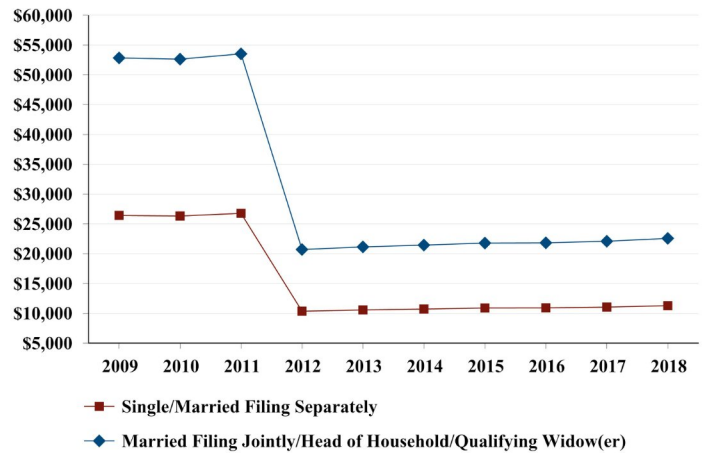
²Income categories are as follows: S = Single, MFS = Married Filing Separately, MFJ = Married Filing Jointly, HoH = Head of Household, QW = Qualifying Widower.

³Fiscal year 2012 legislative action reduced the top personal income tax rate from 7.8% to 7.4%.

⁴Personal Income data is currently not available for calendar years 2017 and 2018.

2015	2016	2017	2018
1.6%	1.6%	1.6%	1.1%
\$0-1,451	\$0-1,453	\$0-1,471	\$0-1,503
\$0-2,903	\$0-2,907	\$0-2,943	\$0-3,007
3.6%	3.6%	3.6%	3.1%
\$1,452-2,903	\$1,454-2,907	\$1,472-2,944	\$1,504-3,007
\$2,904-5,807	\$2,908-5,815	\$2,944-5,889	\$3,008-6,015
4.1%	4.1%	4.1%	3.6%
\$2,904-4,355	\$2,908-4,361	\$2,945-4,416	\$3,008-4,510
\$5,808-8,711	\$5,816-8,723	\$5,890-8,833	\$6,016-9,021
5.1%	5.1%	5.1%	4.6%
\$4,356-5,807	\$4,362-5,815	\$4,417-5,889	\$4,511-6,014
\$8,712-11,615	\$8,724-11,631	\$8,834-11,779	\$9,022-12,029
6.1%	6.1%	6.1%	5.6%
\$5,808-7,259	\$5,816-7,269	\$5,890-7,361	\$6,015-7,518
\$11,616-14,519	\$11,632-14,539	\$11,780-14,723	\$12,030-15,037
7.1%	7.1%	7.1%	6.6%
\$7,260-10,889	\$7,270-10,904	\$7,362-11,042	\$7,519-11,278
\$14,520-21,779	\$14,540-21,809	\$14,724-22,085	\$15,038-22,557
7.4%	7.4%	7.4%	6.9%
\$10,890+	\$10,905+	\$11,043+	\$11,279+
\$21,780+	\$21,810+	\$22,086+	\$22,558+

Personal Taxable Income Level for Top Rate Payers Calendar Years 2009-2018



7.3% 7.4% NA NA

2015	2016	2017	2018
\$0.250	\$0.320	\$0.320	\$0.320
0.250	0.320	0.320	0.320
0.181	0.232	0.232	0.232
0.197	0.349	0.349	0.349
0.070	0.070	0.070	0.070
0.060	0.060	0.060	0.060
\$0.247	\$0.314	\$0.311	\$0.314

Schedule 7 - Revenue Payers by Industry/Category

Historical Comparison and Most Current Fiscal/Calendar Year

(dollars in thousands)

Sales Tax^{1,4}

	As of June 30, 2009				As June 30, 2018			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Farm Earnings ⁵	441	0.7	\$ 584	0.0				
Agricultural/Forestry, Fishing, and Other	1,073	1.8	6,254	0.5	1,346	1.9	\$ 5,458	0.3
Mining	154	0.3	3,055	0.3	166	0.2	3,408	0.2
Construction	4,299	7.0	27,011	2.3	3,657	5.2	30,260	1.7
Manufacturing	5,092	8.4	45,724	3.9	6,727	9.5	74,636	4.2
Transportation & Public Utilities	1,231	2.0	19,254	1.6	542	0.8	12,988	0.7
Wholesale trade	3,402	5.6	98,645	8.4	4,518	6.4	197,162	11.1
Retail trade	24,167	39.6	796,737	68.3	17,837	25.2	963,203	54.5
Information	0	0	0	0	1,508	2.1	33,855	2.0
Finance, Insurance, and Real Estate	811	1.3	8,136	0.7	2,428	3.4	43,383	2.5
Services	19,612	32.1	128,301	11.0	23,340	33.1	332,460	18.8
State and Local Government	750	1.2	34,752	3.0	381	0.5	63,528	3.6
Unclassified	0	0	0	0	8,241	11.7	6,584	0.4
Unpermitted ⁶	0	0	0	0	3	0	154	0
Total	61,032	100.0	\$ 1,168,453	100.0	70,694	100.0	\$ 1,767,079	100.0

Personal Income Tax

Income Level	As of December 31, 2007				As of December 31, 2016			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Under \$50,000	595,652	85.2	\$ 423,821	28.4	657,935	82.3	\$ 441,493	25.6
\$50,000 - \$99,999	72,070	10.3	343,071	23.0	94,738	11.8	440,325	25.4
\$100,000 - \$249,999	23,721	3.4	257,204	17.2	38,640	4.8	386,836	22.3
\$250,000 - \$999,999	6,289	0.9	215,583	14.4	8,181	1.0	251,474	14.5
\$1,000,000 and higher	1,035	0.2	254,436	17.0	1,085	0.1	210,939	12.2
Total	698,767	100.0	\$ 1,494,115	100.0	800,579	100.0	\$ 1,731,067	100.0

Corporate Income Tax

	As December 31, 2007				As December 31, 2016			
	Number of Filers	Percent of Total	Tax Liability ²	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
Corporations	15,557	18.8	\$ 145,095	87.0	15,584	16.1	\$ 159,802	85.8
Sub-S Corporations	30,231	36.4	9,311	5.6	34,632	35.8	12,222	6.6
Partnerships	27,579	33.2	3,916	2.3	35,303	36.5	5,594	3.0
Fiduciary	9,614	11.6	8,584	5.1	11,190	11.6	8,606	4.6
Total	82,981	100.0	\$ 166,906	100.0	96,709	100.0	\$ 186,224	100.0

Vehicle Fuel Tax

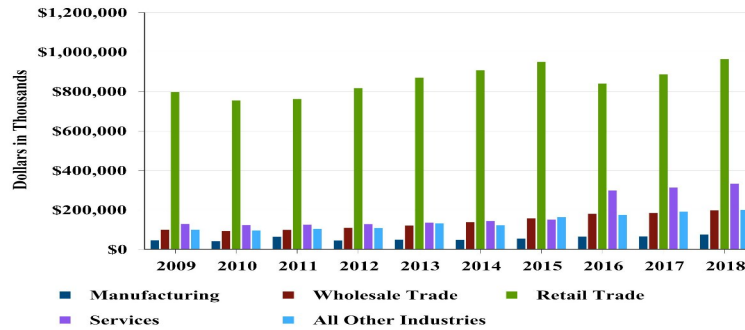
	As of June 30, 2009				As of June 30, 2018			
	Number of Filers ³	Percent of Total	Tax Liability	Percent of Total	Number of Filers ³	Percent of Total	Tax Liability	Percent of Total
Diesel	109	42.8	\$ 59,301	28.6	93	43.1	\$ 94,756	27.8
Gasoline	101	39.8	146,218	70.5	87	40.5	244,323	71.7
Propane	23	9.1	36	0	10	4.7	6	0
Natural Gas	0	0	10	0	4	1.9	509	0.1
Aviation	7	2.8	125	0.1	7	3.3	116	0
Jet	14	5.5	1,696	0.8	14	6.5	1,418	0.4
Total	254	100.0	\$ 207,386	100.0	215	100.0	\$ 341,128	100.0

Source: Idaho State Tax Commission.

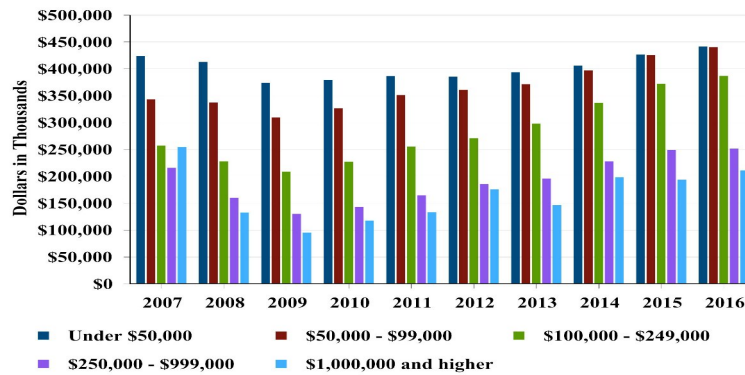
Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period for personal and corporate income tax information is calendar year 2015.

¹In 2017, the Idaho State Tax Commission provided the sales tax liability data for July 1, 2016 to June 30, 2017.²The corporate tax liability amounts for tax years 2006 through 2010 are revised due to updated data provided by the Idaho State Tax Commission.³The total number of filers for vehicle fuel tax may contain the same filers counted more than once as some filers distribute more than one type of fuel.⁴In 2016, the Tax Commission changed from using U.S. Standard Industrial Classification System (SIC) codes to using North American Industry Classification System (NAICS) codes. The change provides industry groupings that are more meaningful and useful for economic analysis. Some industry categories shown have significant variances due to the change in classification codes.⁵Under the NAICS, commercial farming is combined with agriculture/forestry, fishing, and other.⁶Taxable sales by individuals and businesses without a sales and use tax permit.

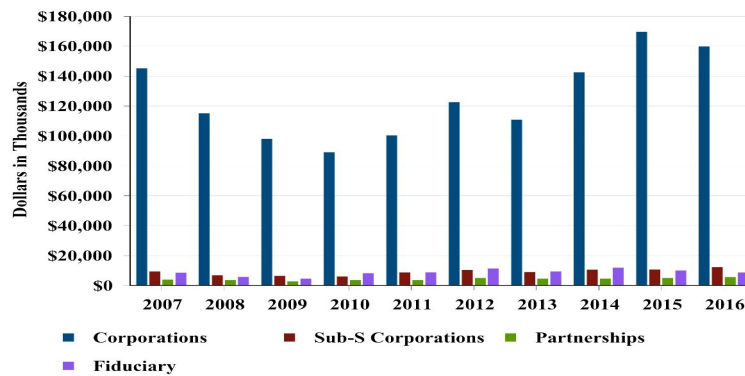
Sales Tax Liabilities by Industry Fiscal Years 2009-2018



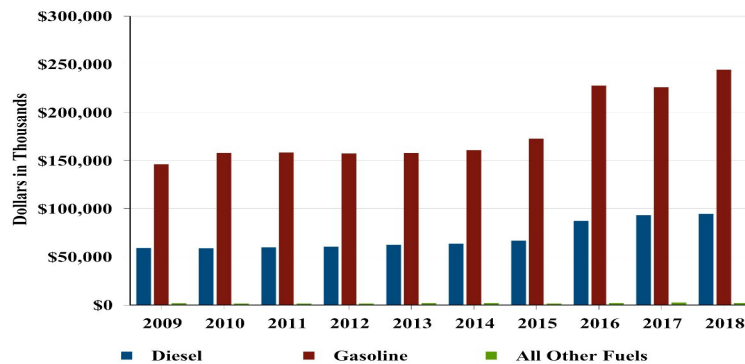
Personal Income Tax Liabilities by Income Level Calendar Years 2007-2016



Corporate Income Tax Liabilities Tax Years 2007 - 2016



Vehicle Fuel Tax Liabilities Fiscal Years 2009 - 2018



Schedule 8 - Outstanding Debt Ratios**Fiscal Years 2009-2018**

(dollars in thousands, except per capita amount)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	
Governmental Activities										
Revenue Bonds	\$ 281,322	\$ 257,088	\$ 233,246	\$ 207,106	\$ 197,624	\$ 170,640	\$ 150,379	\$ 146,516	\$ 136,844	\$ 356,329
Capital Leases ¹	11,475	33,229	32,761	28,967	27,394	25,862	24,319	17,462	16,419	15,594
Notes Payable ²	220,163	375,344	480,064	524,813	554,892	595,362	621,767	595,116	564,331	524,263
Total Governmental Activities	\$ 512,960	\$ 665,661	\$ 746,071	\$ 760,886	\$ 779,910	\$ 791,864	\$ 796,465	\$ 759,094	\$ 717,594	\$ 896,186
Business-Type Activities										
Revenue Bonds ³	\$ 449,410	\$ 473,667	\$ 457,631	\$ 457,113	\$ 464,334	\$ 445,651	\$ 477,546	\$ 462,572	\$ 474,094	\$ 472,714
Capital Leases ⁴	3,279	2,845	2,353	2,316	1,663	1,158	780	4,995	4,148	302
Notes Payable ⁵	50,195	216,183	214,144	204,745	156,449	105,919	55,117	2,157	73	64
Total Business-Type Activities	\$ 502,884	\$ 692,695	\$ 674,128	\$ 664,174	\$ 622,446	\$ 552,728	\$ 533,443	\$ 469,724	\$ 478,315	\$ 473,080
Total Primary Government	\$ 1,015,844	\$ 1,358,356	\$ 1,420,199	\$ 1,425,060	\$ 1,402,356	\$ 1,344,592	\$ 1,329,908	\$ 1,228,818	\$ 1,195,909	\$1,369,266
Debt as a Percentage of Personal Income⁶	2.1%	2.7%	2.7%	2.5%	2.4%	2.2%	2.0%	1.8%	1.7%	1.8%
Amount of Debt Per Capita⁶	\$ 653.5	\$ 864.7	\$ 897.0	\$ 893.6	\$ 870.9	\$ 824.7	\$ 806.3	\$ 731.4	\$ 696.6	\$ 784.9

Note: The Idaho Constitution Article VIII Section 1 amended in 1998 specifies that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people at a general election. This does not apply to liabilities incurred for ordinary operating expenses, nor debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the General Fund of the State are not debts or liabilities of the State of Idaho. Details regarding the State's debt can be found in Note 13 to the financial statements.

¹ In FY2010 the increase in capital leases is mainly attributable to new leases for land and buildings at the Department of Correction and the Department of Fish and Game.

² From FY2009-FY2015 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association for road and infrastructure improvements.

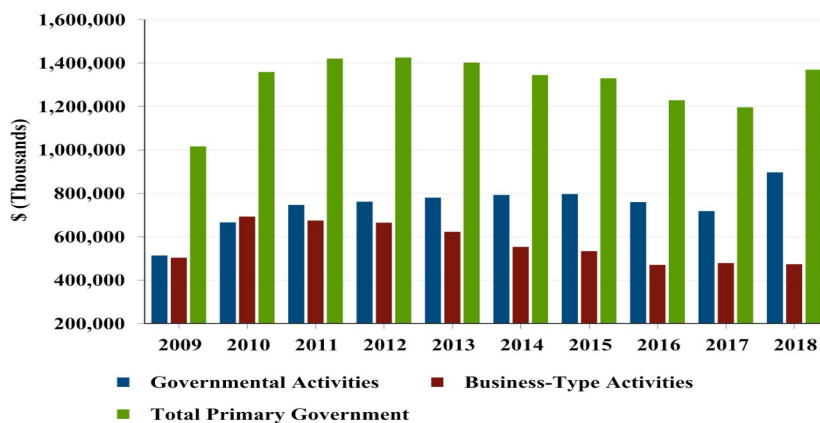
³ For FY2009-FY2010 the colleges and universities issued revenue bonds for various projects.

⁴ In FY2016 the increase in capital leases is primarily due to Boise State University entering into two new capital lease agreements with the Boise State University Foundation.

⁵ In FY2009 and FY2010 the increases in notes payable are mainly attributable to unemployment compensation loan funds received from the federal government. Changes in notes payable from FY2012-FY2017 resulted from repayment of loans from the Idaho Housing and Financing Association.

⁶ These ratios are calculated using personal income and population for the current calendar year. See Schedule 11 for personal income and population data.

**Outstanding Debt - Primary Government
Fiscal Years 2009-2018**



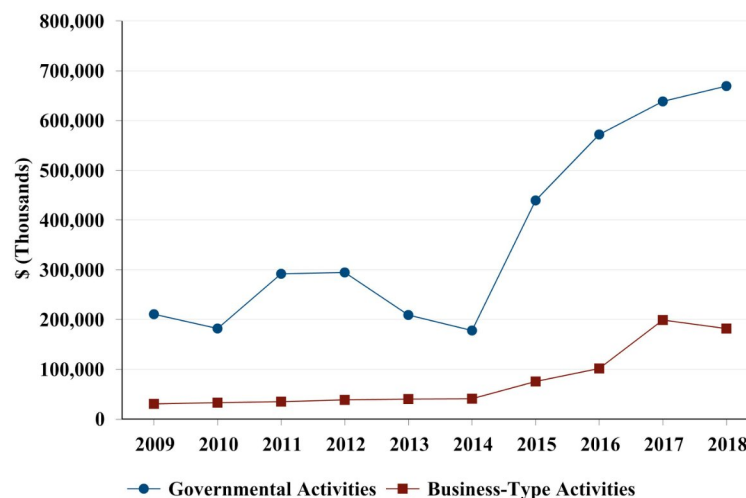
Schedule 9 - Other Long-Term Liabilities

Fiscal Years 2009-2018

(dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	(as restated)	
Governmental Activities										
Compensated Absences	\$ 54,893	\$ 51,996	\$ 61,095	\$ 62,775	\$ 56,470	\$ 49,466	\$ 49,874	\$ 54,058	\$ 55,172	\$ 57,321
Policy Claim Liabilities	19,753	16,956	13,869	15,450	17,963	14,305	11,304	10,804	11,138	15,213
Claims and Judgments ^{1,2}	113,115	79,970	180,773	178,173	96,324	69,495	170,841	169,115	72,812	195,016
Net Pension Obligation ^{3,6}	2,711	11,140	12,508	13,596	13,989	14,271				
Net Pension Liability ⁴							176,577	306,439	452,474	357,313
Net OPEB Obligation	20,373	22,169	23,851	24,720	24,520	24,491	25,458	25,917		
Net OPEB Liability									43,185	42,103
Other Long-Term Liabilities						6,114	5,468	5,633	3,756	2,400
Total Governmental Activities	\$ 210,845	\$ 182,231	\$ 292,096	\$ 294,714	\$ 209,266	\$ 178,142	\$ 439,522	\$ 571,966	\$ 638,537	\$ 669,366
Business-Type Activities										
Compensated Absences	\$ 20,814	\$ 20,882	\$ 21,041	\$ 22,648	\$ 22,239	\$ 20,844	\$ 21,640	\$ 21,373	\$ 22,670	\$ 23,983
Claims and Judgments ²	528	1								
Net Pension Liability ⁴							31,898	56,602	85,399	66,539
Net OPEB Obligation	9,233	11,267	13,707	15,513	17,143	18,847	20,982	22,973		
Total OPEB Liability ⁷									55,643	57,414
Net OPEB Liability - U of I ⁷									34,737	33,336
Voluntary Termination Benefits ⁵		894								
Other Long-Term Liabilities		124	416	633	968	1309	1139	928	785	596
Total Business-Type Activities	\$ 30,575	\$ 33,168	\$ 35,164	\$ 38,794	\$ 40,350	\$ 41,000	\$ 75,659	\$ 101,876	\$ 199,234	\$ 181,868
Total Primary Government	\$ 241,420	\$ 215,399	\$ 327,260	\$ 333,508	\$ 249,616	\$ 219,142	\$ 515,181	\$ 673,842	\$ 837,771	\$ 851,234

Note: Details regarding the liabilities listed above can be found in Note 13 to the financial statements.

¹ Changes between fiscal year (FY) 2009-FY2011 are due to fluctuations in payment cycles caused by budget shortfalls and migrating to a new payment system.² Claims and judgments include arbitrage liabilities for FY2009-FY2015. Decrease to claims and judgments resulted from a decrease in Medicaid claims, and between FY2016 and FY2017 there was a timing difference of Medicaid payments. In FY2015 there was an increase due to a change in calculation method by the Department of Health and Welfare.³ In FY2010 the increase in the net pension obligation is mainly attributable to a restatement of the Idaho Judges' Retirement Fund due to a new actuarial valuation.⁴ Net pension liability was not required to be reported prior to FY2015.⁵ In FY2010 the University of Idaho established a voluntary Exit Incentive Program for eligible employees to leave University employment with an economic incentive.⁶ Due to the implementation of GASB Statement No. 68 in FY2015, the net pension obligation was removed and a net pension liability recorded.⁷ Due to the implementation of GASB Statement No. 75 in FY2018, the net OPEB obligation was removed and a total and net OPEB liability recorded.Other Long-Term Liabilities - Primary Government
Fiscal Years 2009-2018

Schedule 10 - Pledged Revenue Coverage

Fiscal Years 2009-2018

(dollars in thousands)

	2009	2010	2011	2012	2013	2014
Governmental Activities						
Notes Payable - Idaho Transportation Department¹						
Revenue:						
Federal Highway Grants ²	\$ 234,667	\$ 355,288	\$ 399,049	\$ 334,747	\$ 292,619	\$ 294,620
State Funds	2,439	3,255	3,509	3,829	4,033	4,329
Available Revenue	\$ 237,106	\$ 358,543	\$ 402,558	\$ 338,576	\$ 296,652	\$ 298,949
Debt Service:						
Principal	\$ 30,589	\$ 8,176	\$ 20,936	\$ 19,957	\$ 21,975	\$ 24,203
Interest	\$ 11,787	\$ 19,074	\$ 25,862	\$ 26,836	\$ 28,188	\$ 28,417
Coverage	5.6	13.2	8.6	7.2	5.9	5.7
Business-Type Activities						
Revenue Bonds - Colleges and Universities						
Revenue:						
Student Fees Pledged	\$ 197,711	\$ 212,768	\$ 236,690	\$ 257,850	\$ 268,014	\$ 276,964
Sale of Goods and Services Pledged	84,327	91,258	84,978	90,136	93,356	89,031
Other Income Pledged ³	25,337	22,641	36,803	35,990	35,828	38,158
Less: Operating Expenses	(59,487)	(61,226)	(61,342)	(65,802)	(69,901)	(69,339)
Net Available Revenue	\$ 247,888	\$ 265,441	\$ 297,129	\$ 318,174	\$ 327,297	\$ 334,814
Debt Service:						
Principal	\$ 9,755	\$ 13,190	\$ 15,085	\$ 14,090	\$ 16,585	\$ 16,714
Interest	\$ 19,473	\$ 20,339	\$ 20,243	\$ 21,524	\$ 19,440	\$ 20,018
Coverage	8.5	7.9	8.4	8.9	9.1	9.1
Revenue Bonds - Idaho Water Resources Board^{6,7}						
Revenue:						
Sale of Goods and Services	\$ 886	\$ 983	\$ 990	\$ 1,059	\$ 993	\$ 983
Less: Operating Expenses	(149)	(117)	(124)	(136)	(161)	(123)
Net Available Revenue	\$ 737	\$ 866	\$ 866	\$ 923	\$ 832	\$ 860
Debt Service:						
Principal	\$ 325	\$ 340	\$ 360	\$ 380	\$ 400	\$ 425
Interest	\$ 277	\$ 259	\$ 240	\$ 220	\$ 198	\$ 175
Coverage	1.2	1.4	1.4	1.5	1.4	1.4
Notes Payable - Colleges and Universities⁴						
Revenue:						
Student Fees Pledged	\$ 146	\$ 142	\$ 169	\$ 1,001	\$ 1,062	\$ 1,108
Housing Fees Pledged	417	445	430	429	441	469
Other Income Pledged			76	110	101	81
Less: Operating Expenses	(297)	(154)	(107)	(410)	(402)	(442)
Net Available Revenue	\$ 266	\$ 433	\$ 568	\$ 1,130	\$ 1,202	\$ 1,216
Debt Service:						
Principal ⁵	\$ 127	\$ 114	\$ 366	\$ 334	\$ 786	\$ 1,366
Interest	\$ 63	\$ 25	\$ 176	\$ 138	\$ 171	\$ 118
Coverage	1.4	3.1	1.0	2.4	1.3	0.8

Note: Details regarding the State's outstanding bonds can be found in Note 13 to the financial statements. Operating expenses do not include interest or depreciation expense. Coverage equals net available revenue divided by debt service.

¹ For fiscal years (FY) 2009-2015 the Idaho Transportation Department issued notes payable to the Idaho Housing and Finance Association to finance road and infrastructure improvements.

² In FY2009 federal highway grants received by the Idaho Transportation Department decreased mainly due to the delay in awarding construction contracts, the delay of related federal awards reimbursements, and decreased construction costs. In FY2010 grants increased because of the delayed reimbursement of FY2009 federal construction awards. In FY2012 and FY2013 grants decreased due to the near-term completion of the American Recovery and Reinvestment Act stimulus program.

³ In FY2015 other pledged income increased due to an increase in student tuition and fees by the University of Idaho.

⁴ In FY2009 Lewis-Clark (LCSC) issued notes payable to purchase a residence hall; housing fees associated with the residence hall account for the increase in available revenue. In FY2012 and FY2013 LCSC issued notes payable to refinance Student Fee Refunding Revenue Bonds. The LCSC issued notes payable were paid in full in FY2017.

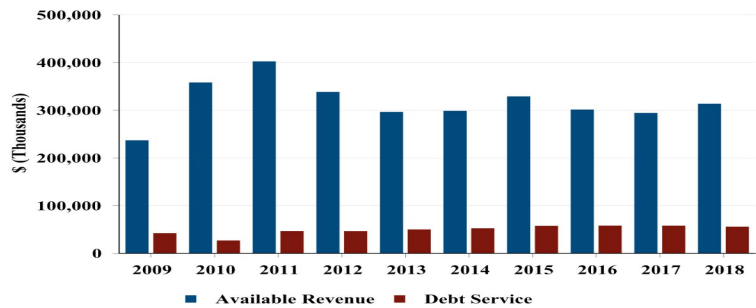
⁵ In FY2013-2014 the increase resulted from LCSC's principal only payments.

⁶ The Series 2006 Refunding Bonds were paid in full in FY2016.

⁷ The Idaho Water Resources Board revenue bonds were paid in full in FY2017.

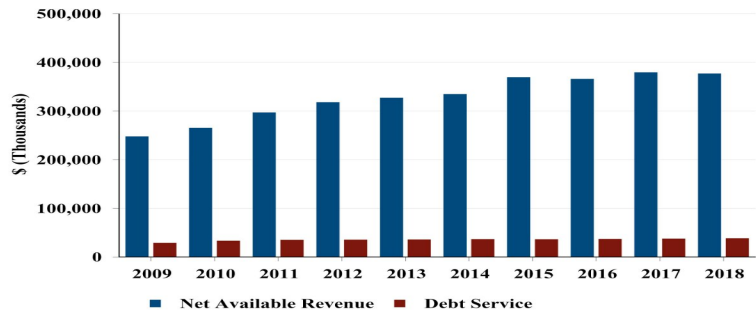
2015	2016	2017	2018
\$ 324,598	\$ 297,093	\$ 294,499	\$ 313,887
4,598	4,540		
\$ 329,196	\$ 301,633	\$ 294,499	\$ 313,887
\$ 27,180	\$ 29,186	\$ 30,365	\$ 31,061
\$ 30,740	\$ 29,207	\$ 27,810	\$ 24,955
5.7	5.2	5.1	5.6

**Idaho Transportation Department, Notes Payable
Revenue and Debt Service
Fiscal Years 2009-2018**



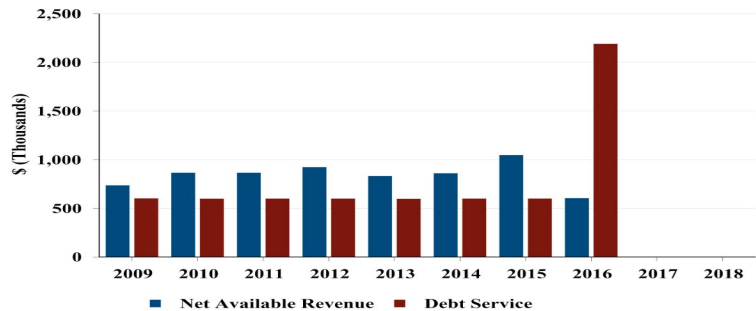
\$ 295,818	\$ 301,659	\$ 305,823	\$ 321,224
94,327	88,135	88,847	78,686
45,505	45,051	49,951	54,682
(66,212)	(68,803)	(65,110)	(77,481)
\$ 369,438	\$ 366,042	\$ 379,511	\$ 377,111
\$ 17,704	\$ 20,682	\$ 18,002	\$ 18,109
\$ 18,836	\$ 16,450	\$ 19,852	\$ 20,329
10.1	9.9	10.0	9.8

**Colleges and Universities, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2009-2018**



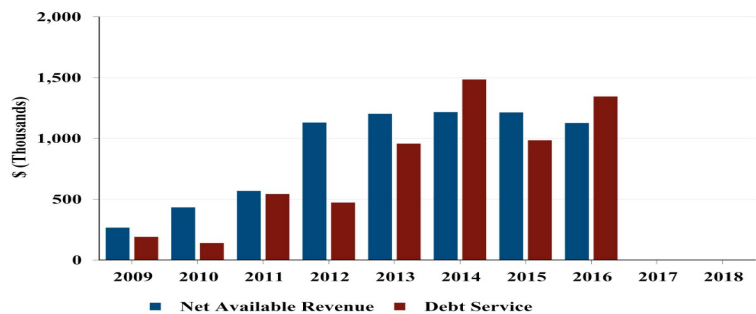
\$ 1,261	\$ 897		
(214)	(292)		
\$ 1,047	\$ 605	\$ 0	\$ 0
\$ 450	\$ 2,065		
\$ 151	\$ 125		
1.7	0.3		
\$ 1,085	\$ 1,031		
468	489		
88	87		
(428)	(480)		
\$ 1,213	\$ 1,127	\$ 0	\$ 0

**Idaho Water Resources Board, Revenue Bonds
Revenue and Debt Service
Fiscal Years 2009-2018**



\$ 900	\$ 1,284		
\$ 84	\$ 60		
1.2	0.8		

**Colleges and Universities, Notes Payable
Revenue and Debt Service
Fiscal Years 2009-2018**



Schedule 11 - Demographic and Economic Indicators
Calendar Years 2009-2018

	2009	2010	2011	2012	2013	2014
Population						
Idaho (in thousands)	1,554	1,571	1,583	1,595	1,610	1,630
Change	1.3%	1.1%	0.8%	0.7%	1.0%	1.3%
National (in thousands)	307,580	310,091	312,386	314,657	316,882	319,252
Change	0.9%	0.8%	0.7%	0.7%	0.7%	0.7%
Total Personal Income ¹						
Idaho (in billions)	\$ 48	\$ 50	\$ 53	\$ 56	\$ 58	\$ 62
Change	-3.4%	3.6%	5.8%	5.8%	3.8%	5.8%
National (in billions)	\$ 12,059	\$ 12,552	\$ 13,327	\$ 14,010	\$ 14,181	\$ 14,992
Change	-3.1%	4.1%	6.2%	5.1%	1.2%	5.7%
Per Capita Personal Income						
Idaho	\$ 31,143	\$ 31,919	\$ 33,503	\$ 35,186	\$ 36,166	\$ 37,790
Change	-4.6%	2.5%	5.0%	5.0%	2.8%	4.5%
National	\$ 39,206	\$ 40,476	\$ 42,661	\$ 44,524	\$ 44,751	\$ 46,958
Change	-3.9%	3.2%	5.4%	4.4%	0.5%	4.9%
Median Age - Idaho ²	34.2	34.7	35.0	35.2	35.7	35.9
Educational Attainment ³						
8th Grade or Less	4.5%	4.2%	4.5%	4.1%	4.3%	3.9%
Some High School, No Diploma	7.1%	7.5%	6.9%	6.1%	6.3%	6.0%
High School Diploma	28.8%	28.6%	27.5%	27.7%	27.4%	28.2%
Some College, No Degree	27.3%	27.0%	26.9%	27.6%	26.7%	27.6%
Associate, Bachelor or Graduate Degree	32.2%	32.7%	34.2%	34.5%	35.3%	34.4%
Resident Civilian Labor Force and Employment in Idaho						
Civilian Labor Force	757,131	761,056	765,178	769,256	770,833	779,631
Employed	690,722	692,826	701,466	713,704	723,636	741,525
Unemployed	66,409	68,230	63,712	55,552	47,197	38,106
Unemployment Rate	8.8%	9%	8.3%	7.2%	6.1%	4.9%
Nonfarm Wage and Salary Workers Employed in Idaho						
Goods Producing Industries						
Mining	2,139	2,294	2,623	2,779	2,629	2,519
Logging and Wood Products	5,867	5,732	6,120	6,408	7,034	7,048
Computer and Electronics	11,098	10,574	11,191	11,625	11,266	11,425
Construction	34,404	31,297	30,361	31,431	33,644	35,862
Manufacturing-Durable Goods ⁴	38,841	38,065	38,645	40,098	17,462	18,259
Manufacturing-Nondurable Goods	23,634	23,261	23,364	24,018	25,256	25,531
Total Goods Producing Industries	115,983	111,223	112,304	116,359	97,291	100,644
Non-Goods Producing Industries						
Trade	101,080	99,639	100,623	103,622	106,153	108,412
Service	296,471	296,759	303,156	308,055	316,176	326,712
State and Local Government	105,999	104,901	104,564	104,576	104,992	105,853
Federal Government	13,496	13,691	12,654	12,640	12,411	12,337
Total Non-Goods Producing Industries	517,046	514,990	520,997	528,893	539,732	553,314
Total Nonfarm Wage and Salary Employment	633,029	626,213	633,301	645,252	637,023	653,958

Sources: Idaho Division of Financial Management, Idaho Department of Labor, Idaho State Board of Education, U.S. Bureau of Economic Analysis, and U.S. Census Bureau.

Note: Amounts for calendar years 2016-2018 are estimates. Prior year amounts may change due to revisions by the U.S. Bureau of Economic Analysis and the U.S. Census Bureau.

¹ Total personal income is comprised of earned income, dividends, interest, rents, and government transfer payments.

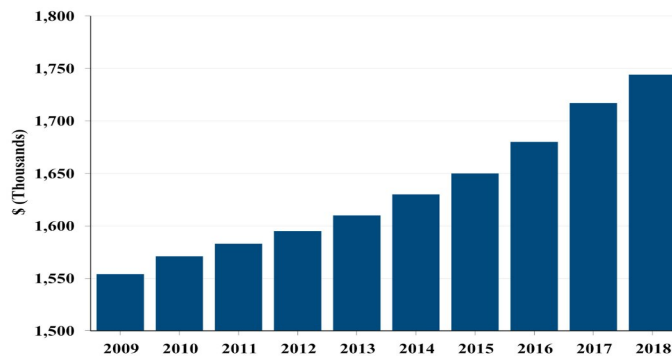
² Median age data for Idaho is not currently available for calendar year 2018.

³ Educational attainment information is not currently available for calendar year 2018.

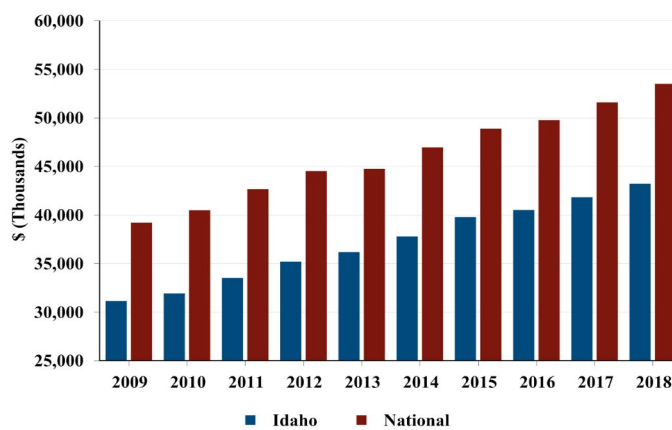
⁴ "Manufacturing-Durable Goods" amounts are net of "Logging and Wood Products" and "Computer and Electronics" amounts, which are presented separately in this schedule.

2015	2016	2017	2018
1,650	1,680	1,717	1,744
1.2%	1.9%	2.2%	1.6%
321,622	323,961	326,275	328,592
0.7%	0.7%	0.7%	0.7%
\$ 66	\$ 68	\$ 72	\$ 75
6.5%	3.7%	5.5%	5.0%
\$ 15,720	\$ 16,125	\$ 16,831	\$ 17,581
4.9%	2.6%	4.4%	4.5%
\$ 39,779	\$ 40,507	\$ 41,824	\$ 43,217
5.3%	1.8%	3.3%	3.3%
\$ 48,875	\$ 49,774	\$ 51,584	\$ 53,504
4.1%	1.8%	3.6%	3.7%
35.8	36.1	35.7	NA
3.7%	3.2%	3.3%	N/A
6.3%	6.4%	5.9%	N/A
27.5%	27.9%	28.2%	N/A
27.0%	25.3%	26.3%	N/A
35.6%	37.2%	36.4%	N/A
794,675	812,856	833,462	849,712
761,009	782,279	807,163	825,585
33,666	30,577	26,299	24,127
4.2%	3.8%	3.2%	2.8%
2,451	2,468	2,217	2,128
7,330	7,697	7,852	8,111
11,900	12,125	12,233	12,762
38,263	41,634	44,992	48,952
18,034	18,850	19,492	20,198
26,121	27,106	28,109	28,621
104,099	109,880	114,895	120,772
111,721	114,148	115,711	117,461
336,138	348,736	361,463	375,348
106,623	108,304	110,132	111,395
12,583	12,832	12,975	12,994
567,065	584,020	600,281	617,198
671,164	693,900	715,176	737,970

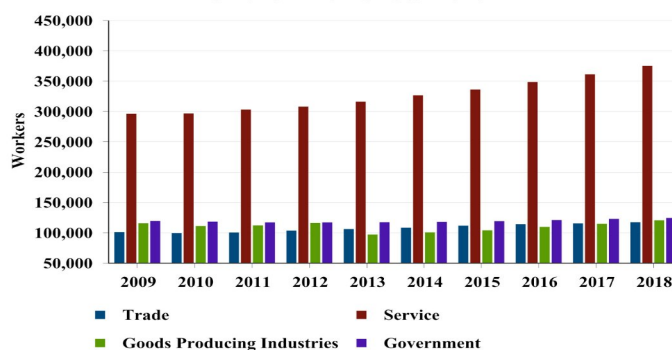
**Idaho Population
Calendar Years 2009-2018**



**Per Capita Personal Income
Calendar Years 2009-2018**



**Nonfarm Wage and Salary Workers
Employed in Idaho
Calendar Years 2009-2018**



Schedule 12 - Principal Employers

Current Year and Nine Years Ago

Major Idaho Employers	As of June 30, 2009			As of June 30, 2018		
	Number of Employees	Rank	Percent of Total State Employment	Number of Employees	Rank	Percent of Total State Employment
State of Idaho ¹	18,500-19,000	1	2.7	30,000-30,099	1	3.6
Federal Government	13,000-13,500	2	1.9	13,000-13,099	2	1.6
St Luke's Health System	5,500-6,000	5	0.8	13,300-13,399	3	1.6
Walmart	7,000-7,500	4	1.1	7,600-7,699	4	0.9
Micron Technology, Inc.	7,500-8,000	3	1.1	6,400-6,499	5	0.8
Brigham Young University -Idaho	3,500-4,000	10	0.5	5,400-5,499	6	0.7
St Alphonsus Regional Medical Center	3,000-3,500	12	0.5	5,000-5,099	7	0.6
West Ada School District #2	4,500-5,000	6	0.7	4,500-4,599	8	0.5
Battelle Energy Alliance	3,500-4,000	9	0.5	4,200-4,299	9	0.5
Albertsons	4,000-4,500	7	0.6	3,900-3,999	10	0.5
Boise Independent School District #1	3,500-4,000	8	0.5	3,800-3,899	11	0.5
Total	79,500		10.9	97,650		11.7

Source: Idaho Department of Labor, except state employee data, which comes from the Office of the Idaho State Controller.

Note: All figures are based on a calendar year average. Total number of employees is based on the sum of the mid-points in the ranges given.

¹Number of state employees includes only full-time personnel.

Schedule 13 - Education Enrollment

Public School Enrollment Grades K-12

Academic Years 2008/2009-2017/2018

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Elementary	151,902	154,368	153,298	154,691	156,742	160,412	161,071	162,131	163,519	164,180
Secondary	123,252	124,236	125,237	126,149	127,576	128,651	129,938	132,340	135,268	138,289
Total All Grades	275,154	278,604	278,535	280,840	284,318	289,063	291,009	294,471	298,787	302,469

Source: Idaho Department of Education

Public Higher Education Enrollment

Student Headcount¹ (Calendar Years 2009-2018)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Boise State University	18,936	19,993	19,664	22,638	21,981	22,239	22,086	23,854	24,121	25,504
Idaho State University	13,493	12,595	12,587	13,860	13,351	13,455	13,032	12,928	12,505	12,372
University of Idaho	11,957	12,302	12,312	12,493	11,884	11,534	11,372	11,780	12,072	11,841
Lewis-Clark State College	3,521	3,822	3,761	3,830	3,585	3,616	3,635	3,909	3,733	3,677
Eastern Idaho Technical College	870	862	829	709	725	686	687	676	809	1,384
Total Colleges and Universities	48,777	49,574	49,153	53,530	51,526	51,530	50,812	53,147	53,240	54,778

Source: Idaho State Board of Education

Note: Total headcount includes academic full-time, academic part-time, and vocational students.

¹Figures are based on fall enrollment numbers for each year.

Schedule 14 - State Employees by Function**Fiscal Years 2009-2018****Full-Time Employees**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Tax Commission	393	368	373	406	426	425	425	422	436	428
Department of Administration	142	139	141	137	136	137	136	128	132	109
All Other	1,161	1,133	1,098	1,058	1,091	1,127	1,139	1,132	1,171	1,207
Public Safety and Correction										
Department of Correction	1,586	1,543	1,529	1,517	1,550	1,544	1,879	1,928	1,897	1,840
Idaho State Police	485	465	452	458	479	480	488	490	518	514
Department of Juvenile Corrections	396	381	382	387	384	387	398	391	405	398
All Other	349	327	362	354	373	566	417	428	421	437
Health and Human Services										
Department of Health and Welfare	2,922	2,887	2,642	2,606	2,611	2,647	2,614	2,650	2,648	2,668
Education										
Colleges and Universities	6,124	6,242	6,093	6,436	6,548	6,721	6,842	6,984	7,396	7,318
All Other	468	469	473	361	371	376	362	384	401	401
Economic Development										
Idaho Transportation Department	1,758	1,772	1,742	1,714	1,683	1,642	1,581	1,516	1,479	1,550
Department of Labor	436	506	532	514	547	547	539	497	477	459
Department of Agriculture	293	279	245	249	253	261	257	269	272	293
All Other	932	909	981	966	992	990	999	1,011	1,078	1,092
Natural Resources										
Department of Environmental Quality	365	340	328	331	332	328	322	329	337	353
Department of Fish and Game	513	504	535	545	534	534	533	530	528	547
Department of Lands	242	235	227	231	239	238	253	252	269	276
Department of Parks and Recreation	155	147	131	132	136	132	135	135	135	139
All Other	195	182	174	171	167	162	159	161	174	172
State Total	18,915	18,828	18,440	18,573	18,852	19,244	19,478	19,637	20,174	20,201

Part-Time and Temporary Employees¹

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	334	385	362	388	342	349	323	440	420	368
Public Safety and Correction	192	159	174	202	178	203	206	162	173	179
Health and Human Services	400	286	256	229	257	243	253	255	263	258
Education	2,880	2,532	2,509	2,587	2,655	2,514	2,441	2,578	2,742	2,377
Economic Development	907	838	884	774	732	705	643	632	647	548
Natural Resources ²	603	518	440	433	431	465	477	476	888	581
State Total	5,316	4,718	4,625	4,613	4,595	4,479	4,343	4,543	5,133	4,311

Source: Office of the Idaho State Controller.

¹ Part-time and temporary employees are those working less than full-time, including board and commission members.² The increase in the hiring of part-time and temporary employees in fiscal year 2017 is primarily due to the Department of Lands receiving additional appropriation to add needed fire fighting positions in response to the 2015 fire season. Also, the Department of Fish and Game hired more seasonal workers during the peak visitation period to serve the more than five million annual visitors to the State Parks.

Schedule 15 - Operating Indicators by Function

Fiscal/Calendar Years 2009-2018

	2009	2010	2011	2012	2013	2014
General Government						
Tax Commission						
Number of Returns Filed (<i>in thousands</i>)	2,220	2,226	2,260	2,316	2,350	2,390
Number of Returns Filed Electronically (<i>in thousands</i>)	457	492	543	568	587	616
Department of Administration						
Construction Projects Administered	443	431	399	345	293	296
Employees Covered by Benefit Plans	19,507	19,343	18,942	19,018	19,247	19,592
Public Safety and Correction						
Department of Correction¹						
Incarcerated Offenders	7,283	7,504	7,578	8,097	8,221	8,120
Supervised Offenders	13,756	13,902	14,595	14,530	14,705	15,433
Idaho State Police						
Drug Related Arrests ²	895	982	1,021	1,454	1,411	1,559
DUI Arrests ²	1,977	2,441	2,003	1,845	1,659	1,304
All Other Arrests ²	1,281	1,163	1,262	1,145	1,101	1,071
Department of Juvenile Corrections						
Number of Juveniles in the System	659	568	529	553	550	498
Rate of Recombinment to DJC Custody	18.4%	17.0%	15.0%	12.0%	18.2%	13.0%
Health and Human Services						
Department of Health and Welfare¹						
Medicaid Enrollees	191,989	209,126	227,991	238,165	247,151	261,639
Percent of Population	12.4%	13.3%	14.4%	14.9%	15.4%	16.1%
Food Stamp Recipients	124,826	179,074	223,370	235,502	229,586	217,553
Percent of Population	8.0%	11.4%	14.1%	14.8%	14.3%	13.3%
Education						
Colleges and Universities¹						
Enrollment	48,777	49,574	49,153	53,530	51,526	51,530
Number of Certificates and Degrees Awarded	8,739	8,760	9,306	9,980	10,382	10,356
Economic Development						
Idaho Transportation Department						
Percent of Pavement Which is Deficient ¹	20.0%	18.0%	16.0%	13.0%	14.0%	14.0%
Vehicles Weighed (<i>in thousands</i>)	2,400	2,400	2,400	2,314	2,281	2,433
Department of Labor						
Individuals Registered for Employment ^{6,7}	284,205	334,896	331,449	301,338	277,111	255,891
Job Openings Received	46,967	47,956	69,323	57,189	80,283	101,897
Department of Agriculture						
Conduct Disease Tests on Animals ³	367,698	362,905	676,604	100,454	110,944	105,090
Inspections of Dairy Farms	7,919	6,932	7,653	8,024	8,786	8,854
Natural Resources						
Department of Environmental Quality						
Air Quality Sites Monitored	42	41	43	39	40	40
Water Sites Monitored ⁴	0	128	101	237	237	290
Department of Fish and Game						
Citations and Warnings Issued	5,435	4,799	4,053	4,175	3,480	4,868
Hatchery Fish Raised (<i>in thousands</i>) ²	22,676	27,085	32,351	23,007	23,837	35,253
Hunting and Fishing Licenses Sold ²	571,179	548,949	523,698	573,714	566,460	576,063
Department of Lands¹						
Forest Products Harvested (<i>in million board feet</i>)	190	212	273	287	290	274
Fires Responded to on IDL Land	352	183	249	187	322	351
Department of Parks and Recreation						
Park Visitation (<i>in thousands</i>) ^{1,2,5}	4,460	4,389	4,783	4,638	4,777	4,821
Recreational Registrations (<i>in thousands</i>) ⁵	286	272	268	262	275	270

Sources: Idaho Division of Financial Management, Idaho State Tax Commission, Office of the Idaho State Controller, Idaho State Police, Idaho State Board of Education, Idaho Departments of Administration, Correction, Juvenile Corrections, Health and Welfare, Transportation, Labor, Agriculture, Environmental Quality, Fish and Game, Lands, and Parks and Recreation

Note: Operating indicators for fiscal years (FY) 2017 and FY2018 are estimates unless otherwise noted below

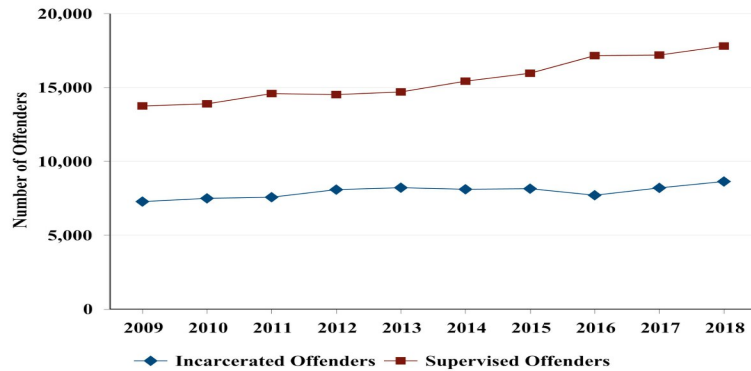
¹ Operating indicators for FY2017 are actual amounts, not estimates.

² Operating indicators are reported on a calendar year basis.

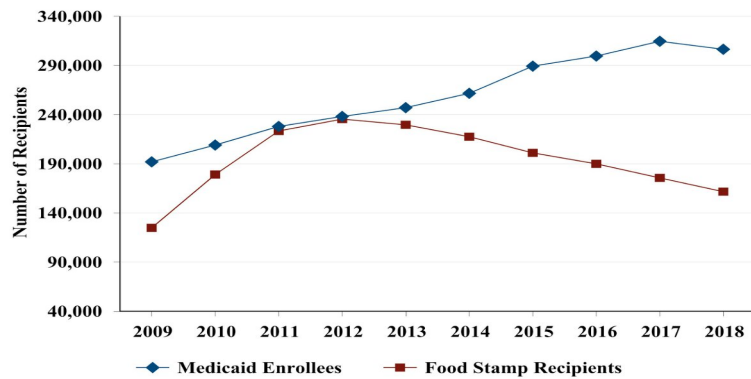
³ In FY2011 and FY2012 the increase and decrease in disease testing on animals is attributed to brucellosis testing.

2015	2016	2017	2018
2,415	2,484	2,531	2,680
695	731	764	797
311	366	359	428
19,831	20,019	20,549	20,557
8,157	7,715	8,212	8,645
15,970	17,162	17,205	17,814
1,456	1,389	1,948	799
1,197	1,089	1,316	317
876	702	710	2,011
467	433	444	447
14.0%	14.0%	15.0%	14.0%
289,303	299,611	314,584	306,459
17.5%	17.8%	18.3%	17.6%
201,094	189,910	175,644	161,694
12.2%	11.3%	10.2%	9.3%
50,812	53,147	53,240	54,778
10,518	10,648	10,983	11,386
14.0%	16.0%	15.0%	12.0%
2,514	2,078	3,108	3,452
200,771	121,672	84,933	75,310
107,353	279,856	165,004	178,129
99,276	102,251	132,236	432,002
8,688	8,419	7,378	7,535
40	39	39	35
231	284	230	264
4,348	2,635	3,387	3,752
30,774	33,573	33,853	30,042
600,328	584,871	569,563	588,632
222	201	173	NA
321	168	213	NA
4,465	4,819	5,426	NA
277	288	282	NA

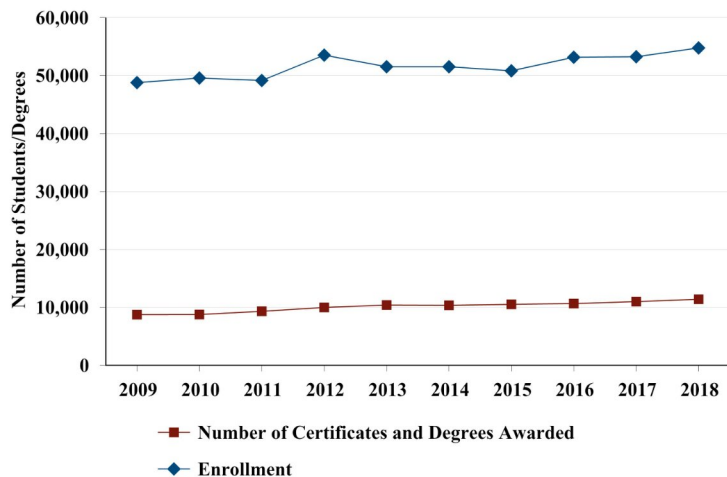
**Department of Correction - Adult Offenders
Fiscal Years 2009-2018**



**Department of Health and Welfare
Medicaid Enrollees and Food Stamp Recipients
Fiscal Years 2009-2018**



**Colleges and Universities - Enrollment and Degrees Awarded
Fiscal Years 2009-2018**



⁴In FY2009, the Department of Environmental Quality suspended surface water monitoring activities due to the FY2009 budget cuts.

⁵Park visitation is counted in visitor days. Recreational registrations include boats, snowmobiles, all-terrain vehicles, and Park N' Ski permits.

⁶In FY2016, the increase in job openings is due to an improving Idaho economy. A substantial decrease in unemployment has contributed to a decrease in the number of individuals registered for employment.

⁷A new federal program was implemented in federal fiscal year 2016 which significantly changed the way the department reports Employment Service (ES) job seekers. The department now divides ES job seekers into two groups, those that use self-services (reportable individuals) and those receiving staff assisted services (participants). For FY2017 and FY2018, the count shown is the assumed total of the two groups.

Schedule 16 - Capital Assets by Function

Fiscal Years 2009-2018

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Department of Administration										
Buildings (square footage in thousands) ¹	728	728	728	728	728	719	754	754	754	754
Public Safety and Correction										
Department of Correction										
Buildings	98	101	104	105	80	84	87	84	80	83
Vehicles	342	359	367	384	401	394	402	457	455	477
Idaho State Police										
Vehicles ²	443	431	459	419	430	466	493	497	514	538
Machinery and Equipment ²	928	810	915	857	886	1,084	1,138	1,210	1,288	1,312
Department of Juvenile Corrections										
Buildings (square footage in thousands)	250	239	239	242	224	224	224	242	244	244
Vehicles	53	56	56	54	56	60	56	62	64	60
Health and Human Services										
Department of Health and Welfare										
Buildings (square footage in thousands) ³	978	1,705	1,700	1,698	1,715	1,726	1,487	1,487	1,463	1,463
Vehicles	520	501	485	480	431	494	501	492	487	498
Education										
Colleges and Universities										
Buildings (square footage in thousands)	13,612	13,931	14,198	15,024	15,098	15,161	15,117	15,252	15,382	15,414
Economic Development										
Idaho Transportation Department										
Highway Lane Miles ⁴	11,944	11,989	11,998	12,222	12,222	12,236	12,269	12,271	12,274	12,273
Vehicles ⁵	837	848	823	841	823	766	748	680	705	712
Heavy Equipment ⁵	1,535	1,536	1,532	1,543	1,407	1,192	1,098	898	838	836
Department of Agriculture										
Scientific and Laboratory Equipment ⁶	176	165	153	160	152	156	100	106	112	114
Vehicles ⁶	195	196	177	195	203	223	206	210	237	237
Natural Resources										
Department of Environmental Quality										
Air Monitoring Instruments ⁶	166	167	171	196	185	185	156	148	158	165
Water Sampling/Quality Equipment ⁶	76	78	78	80	81	81	27	29	33	39
Department of Fish and Game										
Hatcheries	22	23	23	23	23	23	23	23	22	22
Vehicles	670	636	638	665	682	704	707	702	730	768
Boats ⁶	287	281	280	279	287	284	84	83	82	85
Wildlife Management Areas	33	32	32	32	32	32	32	32	31	31
Department of Lands										
Acres of Land (in thousands) ⁴	2,460	2,446	2,449	2,448	2,448	2,442	2,442	2,442	2,442	2,445
Vehicles	350	356	343	362	359	371	375	412	415	422
Department of Parks and Recreation										
State Parks	35	30	30	30	30	30	30	30	30	30
Acres of State Park Land (in thousands) ⁷	61	60	60	60	60	60	60	60	60	60
Buildings	336	351	349	365	368	372	348	356	364	366
Vehicles	343	329	320	313	327	318	314	317	322	321

Sources: Office of the Idaho State Controller, Idaho Departments of Juvenile Corrections, Health and Welfare, Transportation, Environmental Quality, Fish and Game, Lands, Parks and Recreation, and Idaho colleges and universities.

Note: The Idaho State Tax Commission, the Department of Commerce, and the Department of Labor are not capital-asset intensive

Note: In fiscal year (FY) 2015 a change in methodology for calculating capital assets resulted in a variance from FY2014

¹ In FY2015, a new 35,000 square foot parking garage was built in Boise to provide additional parking for state employees.

² In FY2014-2018, Idaho State Police ordered more vehicles and related equipment than in prior years.

³ Beginning in FY2010, leased buildings are included.

⁴ Highway lane miles and acres of land for FY2017 are based on estimates.

⁵ Idaho Department of Transportation (ITD) vehicles and heavy equipment have been restated for FY2008-2013. During FY2014 ITD actively reduced the amount of heavy equipment.

⁶ For FY2015-2018, assets under \$5,000 are not included in capital assets.

⁷ Includes land under water.



Schedule 17 - Assets, Liabilities, and Fund Balances**General Fund Accounts****June 30, 2018***(dollars in thousands)*

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
ASSETS					
Cash and Cash Equivalents	\$ 2				
Pooled Cash and Investments	247,205	\$ 38,551	\$ 351,541	\$ 55,646	\$ 100,994
Investments		51,154		0	37
Accounts Receivable, Net	942	5	468	12,500	136
Taxes Receivable, Net	384,117	2,715			365
Interfund Receivables	6,784	4,350			20
Inventories and Prepaid Items	3,207		53		274
Loans, Notes, and Pledges Receivable, Net					
Other Assets	679	244	484	311	140
Restricted Assets:					
Cash and Cash Equivalents				2	
Investments				324,787	
Total Assets	\$ 642,936	\$ 97,019	\$ 352,546	\$ 393,246	\$ 101,966
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 10,615	\$ 57		\$ 194	\$ 2,206
Payroll and Related Liabilities	12,080	\$ 72			17
Interfund Payables	282	45			886
Due to Other Entities					
Unearned Revenue	79	7,406			
Amounts Held in Trust for Others	718				
Other Accrued Liabilities	558	2,234	\$ 8	2	2
Total Liabilities	24,332	9,814	8	196	3,111
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	136,701	149		12,604	2
Fund Balances					
Nonspendable:					
Inventories and Prepaid Items	3,207		53		274
Noncurrent Receivables					
Restricted				338,949	
Committed		87,056			98,579
Assigned	7,625		347	81	
Unassigned	471,071		352,138	41,416	
Total Fund Balances	481,903	87,056	352,538	380,446	98,853
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 642,936	\$ 97,019	\$ 352,546	\$ 393,246	\$ 101,966

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	Total
					\$ 818	\$ 820
\$ 55,258	\$ 2,405	\$ 11,948	\$ 4,535	\$ 51,807	195,140	1,115,030
					20,828	72,019
				12,616	1,574	28,241
23,569	55,101				338	466,205
					238	11,392
				7,710	7,995	19,239
					764	764
					385	2,243
7,273					1,411	8,686
					1,724	326,511
\$ 86,100	\$ 57,506	\$ 11,948	\$ 4,535	\$ 72,133	\$ 231,215	\$ 2,051,150
	\$ 180			\$ 630	\$ 2,979	\$ 16,861
			\$ 91	218	1,086	13,564
					3	1,216
\$ 55,439						55,439
					226	7,711
					12,756	13,474
					121	2,925
55,439	180		91	848	17,171	111,190
1,922	30,452			12,571	33	194,434
				7,710	7,995	19,239
					50	50
28,739	26,874				5,410	399,972
		\$ 11,948			171,933	369,516
			4,444	51,004	28,623	92,124
						864,625
28,739	26,874	11,948	4,444	58,714	214,011	1,745,526
\$ 86,100	\$ 57,506	\$ 11,948	\$ 4,535	\$ 72,133	\$ 231,215	\$ 2,051,150

Schedule 18 - Revenues, Expenditures, and Changes in Fund Balances**General Fund Accounts****For the Fiscal Year Ended June 30, 2018***(dollars in thousands)*

	State General Account	Permanent Building	Budget Stabilization	Millennium	Income Earnings
REVENUES					
Sales Tax	\$ 1,503,075	\$ 5,000			
Individual and Corporate Taxes	2,007,236	7,903			\$ 621
Other Taxes	30,595	5,910		\$ 61	4,358
Licenses, Permits, and Fees	13,706				1,050
Sale of Goods and Services	1,213	269			4,350
Grants and Contributions	53		\$ 11		30
Investment Income	21,455	5,180	(1,482)	26,665	2,494
Tobacco Settlement				23,639	
Other Income	766	135	31		61
Total Revenues	3,578,099	24,397	(1,440)	50,365	12,964
EXPENDITURES					
Current:					
General Government	111,919	9,334	6,200	2,865	254
Public Safety and Correction	326,014		(143)	2,278	2,225
Health and Human Services			1,038	3,505	5,952
Education	157,558		5,000		1,743,840
Economic Development	28,713		2,186		860
Natural Resources	22,250				
Capital Outlay	13,908	35,532	285		1,680
Intergovernmental Revenue Sharing	30,852			397	605
Debt Service:					
Principal Retirement	1,095				
Interest and Other Charges	20,131				
Total Expenditures	712,440	44,866	14,566	9,045	1,755,416
Revenues Over (Under) Expenditures	2,865,659	(20,469)	(16,006)	41,320	(1,742,452)
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	292				
Sale of Capital Assets	188		1		16
Transfers In	3,719,025	89,792	35,776	22,731	1,858,230
Transfers Out	(6,421,180)	(28,047)	45	(22,731)	(131,636)
Total Other Financing Sources (Uses)	(2,701,675)	61,745	35,822		1,726,610
Net Change in Fund Balances	163,984	41,276	19,816	41,320	(15,842)
Fund Balances - Beginning of Year	317,919	45,780	332,722	339,126	114,695
Fund Balances - End of Year	\$ 481,903	\$ 87,056	\$ 352,538	\$ 380,446	\$ 98,853

Sales Tax	Income Tax Refunds	Catastrophic Health Care	Legislative	Warrant Deficiency	Miscellaneous	General Account Transfer Eliminations	Total
\$ 266,182	\$ 4,558				\$ 4,641		\$ 1,783,456
	58,981				11,362		2,086,103
	11,304				5,939		58,167
		\$ 73		\$ 97	9,817		24,743
				30	22,293		28,155
					17,543		17,637
		305			1,248		55,865
							23,639
		2,921		10,866	30,113		44,893
266,182	74,843	3,299		10,993	102,956		4,122,658
			\$ 10,535	42	9,261		150,410
					7,129		337,503
		20,138			154		30,787
					48,015		1,954,413
				138	34,197		66,094
				35,388	10,950		68,588
			7	9	13,106		64,527
256,639	621				16,353		305,467
							1,095
							20,131
256,639	621	20,138	10,542	35,577	139,165		2,999,015
9,543	74,222	(16,839)	(10,542)	(24,584)	(36,209)		1,123,643
							292
					337		542
		17,999	6,755	20,210	107,982	\$ (5,650,230)	228,270
	(69,314)				(60,762)	5,650,230	(1,083,395)
	(69,314)	17,999	6,755	20,210	47,557		(854,291)
9,543	4,908	1,160	(3,787)	(4,374)	11,348		269,352
19,196	21,966	10,788	8,231	63,088	202,663		1,476,174
\$ 28,739	\$ 26,874	\$ 11,948	\$ 4,444	\$ 58,714	\$ 214,011		\$ 1,745,526

Schedule 19 - Miscellaneous Statistics

State Facts		Twenty Largest Communities in Idaho		
			2009	2018
State Capital	Boise	Boise	205,314	226,570
Admitted to the Union	July 3, 1890	Meridian	66,916	99,926
Nickname	The Gem State	Nampa	80,362	93,590
Motto	Esto Perpetua (Let It Be Perpetual)	Idaho Falls	54,334	61,076
Population	1,744,000	Pocatello	54,901	55,193
Highest Elevation Point	Mt. Borah	Caldwell	42,331	54,660
	12,662 Feet Above Sea Level	Coeur d'Alene	43,360	50,665
Lowest Elevation Point	Snake River at Lewiston	Twin Falls	42,197	49,202
	710 Feet Above Sea Level	Post Falls	26,460	33,290
Number of Lakes	More Than 2,000	Lewiston	31,764	32,820
State Bird	Mountain Bluebird	Rexburg	28,028	28,337
State Dance	Square Dance	Eagle	19,471	26,089
State Fish	Cutthroat Trout	Moscow	22,798	25,146
State Flower	Syringa	Kuna	13,354	19,200
State Fossil	Hagerman Horse	Ammon	13,646	15,540
State Fruit	Huckleberry	Chubbuck	11,828	14,869
State Gem Stone	Idaho Star Garnet	Hayden	12,873	14,693
State Horse	Appaloosa	Mountain Home	12,382	14,224
State Insect	Monarch Butterfly	Blackfoot	11,012	11,922
State Raptor	Peregrine Falcon	Garden City	11,713	11,890
State Amphibian	Idaho Giant Salamander			
State Song	"Here We Have Idaho"			
State Tree	Western White Pine			
State Vegetable	Potato			

Source: Idaho Fiscal Facts, 2009 & 2018

Source: Idaho Blue Book, 2017-2018

Idaho Fiscal Facts, 2018

Idaho Economic Forecast, Oct. 2018

Land Area and Use (in square miles)	
Land Area	83,569
Water Area	926
Federal Land	52,723
Total Non-Federal Land	30,846
Total Rural Land	79,391
Agricultural Land	12,535
Range Land	34,263
Forest Land	32,592

Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: Idaho Blue Book, 2017-2018

Idaho Fiscal Facts, 2018

Idaho Commodity Rankings		
Commodity	U.S. Rank	U.S. %
Potatoes	1	33
Austrian Winter Peas	1	43
Barley	1	34
Alfalfa Hay	2	8
Sugar beets	2	18
Peppermint	2	29
Wrinkled Seed Peas	2	30
Hops	2	13
Lentils	4	4
Other Spring Wheat	4	9
Dry Edible Beans	5	8
Dry Edible Peas	6	2
Canola	7	1
Winter Wheat	7	4
All Hay	8	4

Source: Idaho Fiscal Facts, 2018



Skiing Silver Mountain



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